



Collateral Support Program (CSP)

Bankers Packet

- One-Pager
- Application
- Loan Status Report
- Claim Form
- Collateral Deposit Agreement
- Title 19: CSP Rules
- LED Preferred Lender Form

Collateral Support Program (CSP)



BENEFITS

Establishes pledged cash collateral accounts with participating lenders to enhance the loan collateral coverage for borrowers exhibiting a shortfall in collateral. These collateral deposit accounts are established on an individual loan basis with the intent to mitigate a portion of the banks risk, in turn, providing financial assistance to small business owners on acceptable terms and conditions.

- Maximum Loan Amount: \$1 million
- Maximum Collateral Support amount: \$250,000
- Quick Turnaround for qualifying loan amounts
- Low Fees

ELIGIBILITY

- Authorized to conduct business in Louisiana and maintains an office in Louisiana.
- 100 employees or less
- Must create at least one new permanent job
- Minimum borrower equity of 10%
- Funding requests for an eligible business purpose
- Must exhibit a shortfall in collateral

For more information, visit LouisianaSSBCI.com or email LEDSSBCI2@la.gov or call 1.833.457.0531.

Process

1

Applicant/borrower contacts a Louisiana Lender to discuss their loan request.

2

A completed CSP Application must be submitted to LEDC by the lender seeking the Collateral Support.

3

The LEDC staff evaluates the loan application, reviews the bank's collateral analysis and makes recommendations to the appropriate LEDC approval body.

4

After review of the application packet by the appropriate LEDC committee/board, the lender is notified of the Collateral Support decision.





Collateral Support Program (CSP)

Application



Collateral Support Program (CSP)

APPLICATION CHECKLIST

LENDING INSTITUTION NAME:

BUSINESS NAME:

LOAN OFFICER: **DATE:**

Required Documents	Yes	No	N/A
A completed, signed and dated LEDC CSP application			
SSBCI Borrower Use of Loan Proceeds and Conflict of Interest Certification			
SSBCI Lender Use of Loan Proceeds and Conflict of Interest Certification			
SSBCI Borrower Sex Offender Certification			
SSBCI Lender Sex Offender Certification			
SSBCI Borrower SEDI Certification			
SSBCI Borrower Form for Demographics (Voluntary)			
Source of Collateral Valuation			
Signed and dated commitment letter with terms, conditions, dollar amount, interest rate, maturity, financial reporting, collateral value and any conditions associated with the lender's decision to fund the loan (on the lending institution's letterhead).			
The lending institution's credit memorandum/analysis			
Current and prior years financial statements (if applicable)			
Current Personal Financial Statement, signed and dated			
Any additional pertinent data submitted to the lending institution's loan committee			

To determine if the business enterprise is located in a CDFI Investment Area click here:
www.cdfifund.gov/cims3

- Click the blue CDFI button located under the map (a map will populate);
- Under the filter for "LAYERS" in the top left portion of the site, ensure you have selected "2020 CDFI Tract".
- At the top left, enter the address and click Enter. Select the correct address from the drop down and a map including your address will appear.
- If the address is in a CDFI Investment Area, it will be shaded green.



LEDC Collateral Support Program Application

To be completed by a Participating Lender

SECTION 1: LENDER INFORMATION

LENDER NAME:

BRANCH ADDRESS:

CONTACT NAME PHONE NUMBER

EMAIL ADDRESS:

INCOMING WIRE INFORMATION FOR COLLATERAL DEPOSIT:

SECTION 2: BUSINESS INFORMATION

BUSINESS NAME:

CONTACT NAME:

BUSINESS ADDRESS (MAILING):

CITY: STATE: ZIP CODE:

BUSINESS ADDRESS (PHYSICAL):

PHONE #: EMAIL ADDRESS:

NAICS: MONTH/
YEAR ESTABLISHED INDUSTRY

STATE DOMICILED IN

BUSINESS DESCRIPTION

PREVIOUS YEARS REVENUES: CURRENT REVENUES:

EMPLOYEE DATA: Fill in the following fields

Number of Current Employees: Full-Time: _____ Part-Time: _____

Number of new jobs created: _____ Number of retained jobs: _____

Average Payroll: Full-Time _____ Part-Time: _____

SECTION 3: OWNER INFORMATION

FULL NAME:

HOME ADDRESS:

PERCENTAGE OWNERSHIP:

Additional Owners (Please list all owners with 20% or more ownership interest and list their ownership %)

Public Funds Need

As required by the American Rescue Plan Act, each approved participating lending institution must “demonstrate that, at a minimum, \$1 of public investment by the state program will cause and result in \$1 of new private credit.” As such, we require that each application for enrollment into the SSBCI Program include a detailed explanation as to why our involvement is necessary in the project. Listed below are a number of “detailed explanations.” Please select from the list below, the one which best describes the need for SSBCI participation in your loan project:

- The collateral does not meet the lender’s policy requirements because of its uniqueness or loan-to-value;
- The requested loan exceeds the lender’s legal lending limit;
- The requested loan exceeds the lender’s internal policy limit regarding the amount that it can loan to one borrower;
- The lender’s loan policy normally does not allow loans to new ventures or businesses in the applicant’s industry;
- The business needs a longer maturity or term that is different than the lender’s policy permits;
- Any other factors relating to the credit that, in the lender’s opinion, cannot be overcome except for the assistance of SSBCI. (Please explain below)
- Other (please explain): _____

SECTION 4: COLLATERAL ANALYSIS

Loan Amount: _____ Interest Rate: _____ Equity: _____

Bank Term: _____ CSP Term Requested: _____

Use of Loan Proceeds:

Project Overview: _____

Collateral Analysis:

	Collateral Description	Estimated Value
Fixed Asset		
FF&E		
Receivables		
Inventory		
Other		

Loan Amount:	\$
Total Value of Collateral:	\$
Lender Collateral Requirement:	\$
Collateral Shortfall:	\$

Maximum Collateral Support available	
*Loan amount x 25% OR	\$
*Loan amount x 50%	\$
*Collateral Support Request	\$

LEDC Collateral Support Program parameters:

Lines of Credit- max CSP term of 3 years; Term Loans- max CSP term of 5 years

Up to 50% Collateral Support on loans \$500,000 or less

Up to 25% Collateral Support on loans \$500,001-\$1MM

*CSP request cannot exceed \$250,000

SECTION 5: APPLICATION CERTIFICATION

I/We certify that all information contained in this statement/application, and all other documents referred to herein are true, correct and complete to the best of my/our knowledge; and this information and application is being submitted so that Louisiana Economic Development Corporation (LEDC) can elect either to guarantee or not to guarantee a loan to me/us with a lending institution. I/We agree to pay the cost of any credit reports, surveys, title or mortgage examinations, appraisals, etc., that are necessary for consideration of this application. This authorizes LEDC to verify any information obtained from any source named in the application and retain the application form whether or not it is approved. The LEDC is authorized to receive additional credit information, ask and/or answer questions on credit experience with the applicant(s). The undersigned hereby authorize(s) LEDC to inquire into any outstanding tax liabilities of applicant(s) and hereby authorize(s) any taxing authorities, whether federal, state or local, to release information to LEDC concerning any outstanding liabilities of applicant(s).

This statement authorizes the LEDC to verify any information obtained from any source named in the application/business plan and retain the application/business plan whether approval is granted or not. The LEDC is also authorized to receive additional credit information from local credit bureau(s).

I/We also certify that all taxes, either personal or business, or associated with any business, either previously or currently owned, are paid in full and are current.

All business, financial and proprietary records, information, data or research work-product reflecting written memorialization or oral information relating to the business practices of such person, firm or corporation, which is solicited from or communicated by such private person, firm or corporation for the purpose of facilitating the public purpose of said LEDC is private and confidential information, and the undersigned private person, firm or corporation communicates such information with the expectation and on the condition that it be used and maintained on a confidential basis only, and not be disclosed to any unauthorized person or persons, as provided by Louisiana law.

_____ SIGNATURE/INDIVIDUALLY	_____ DATE
_____ SIGNATURE/INDIVIDUALLY	_____ DATE
_____ FINANCIAL INSTITUTION REPRESENTATIVE	_____ DATE
_____ NAME OF ENTITY, IF APPLICANT IS LEGAL ENTITY	_____ DATE
_____ SIGNATURE OF PRESIDENT OR AUTHORIZED PERSON**	_____ DATE

Attach a Copy of Resolution of Board of Directors granting authority for signature on form.

SSBCI Borrower Use of Proceeds and Conflict of Interest Certification

Funds from the State Small Business Credit Initiative (SSBCI) may only be used for certain purposes and in circumstances where the applicable conflict of interest standards are satisfied.

Legal name of borrower : _____

The borrower hereby certifies the following to the lender:

1. The loan proceeds will be used solely for a business purpose. A business purpose includes, but is not limited to, start-up costs; working capital; franchise fees; and acquisition of equipment, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or in the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. SSBCI funds may be used to purchase any tangible or intangible assets except goodwill. The term "business purpose" excludes acquiring or holding passive investments in real estate; the purchase of securities except as permitted in certification 2.d below; and lobbying activities (as defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended (2 U.S.C. § 1602(7))).
2. The loan proceeds will not be used to:
 - a. repay delinquent federal or jurisdiction income taxes unless the borrower or investee has a payment plan in place with the relevant taxing authority;
 - b. repay taxes held in trust or escrow (e.g., payroll or sales taxes);
 - c. reimburse funds owed to any owner, including any equity investment or investment of capital for the business's continuance; or
 - d. purchase any portion of the ownership interest of any owner of the business, except for the purchase of an interest in an employee stock ownership plan qualifying under section 401 of Internal Revenue Code, worker cooperative, or related vehicle, provided that the transaction results in the employee stock ownership plan or other employee-owned entity holding a majority interest (on a fully diluted basis) in the business.
3. The borrower is not:
 - a. a business engaged in speculative activities that profit from fluctuations in price, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business or through the normal course of trade;¹

- b. a business that earns more than half of its annual net revenue from lending activities, unless the business is (1) a CDFI that is not a depository institution or a bank holding company, or (2) a Tribal enterprise lender that is not a depository institution or a bank holding company;
- c. a business engaged in pyramid sales, where a participant’s primary incentive is based on the sales made by an ever-increasing number of participants;
- d. a business engaged in activities that are prohibited by federal law or, if permitted by federal law, applicable law in the jurisdiction where the business is located or conducted (this includes businesses that make, sell, service, or distribute products or services used in connection with illegal activity, unless such use can be shown to be completely outside of the business’s intended market); this category of businesses includes direct and indirect marijuana businesses, as defined in Small Business Administration (SBA) Standard Operating Procedure (SOP) 50 10 6;² or
- e. a business deriving more than one-third of gross annual revenue from legal gambling activities, unless the business is a Tribal SSBCI participant, in which case the Tribal SSBCI participant is prohibited from using SSBCI funds for gaming activities, but is not restricted from using SSBCI funds for non-gaming activities merely due to an organizational tie to a gaming business.³ For purposes of Tribal SSBCI programs, “gaming activities” includes only “class II gaming” and “class III gaming” as these terms are defined under the Indian Gaming Regulatory Act (IGRA), 25 U.S.C. § 2703.

For a borrower participating in a loan/credit program:

- 4. The borrower is not:
 - a. an executive officer, director, or principal shareholder of the lender;
 - b. a member of the immediate family of an executive officer, director, or principal shareholder of the lender; or
 - c. a related interest or immediate family member of such an executive officer, director, or principal shareholder of the lender.

For the purposes of the above conflict of interest certification, the terms “executive officer,” “director,” “principal shareholder,” “immediate family,” and “related interest” refer to the same relationship to the lender as the relationships described in 12 C.F.R. part 215.

The undersigned is an authorized representative of the borrower

Signature: _____

Name: _____

Title: _____

Date: _____

¹ A construction loan permitted under the guidance on passive real estate investment in the SSBCI Capital Program Policy Guidelines will not be considered a speculative business for purposes of SSBCI.

² See chapter 3.A.8.b of SBA SOP 50 10 6 (effective October 1, 2020), which specifies the following with respect to marijuana-related businesses: “Because federal law prohibits the distribution and sale of marijuana, financial transactions involving a marijuana-related business would generally involve funds derived from illegal activity. Therefore, businesses that derive revenue from marijuana-related activities or that support the end-use of marijuana may be ineligible for SBA financial assistance.”

³ Under this standard, a gaming Tribal enterprise could apply for SSBCI funds for a new gas station, for example, even if the Tribal enterprise’s revenues from gaming were greater than 33 percent.

SSBCI Lender Use of Proceeds and Conflict of Interest Certification

Funds from the State Small Business Credit Initiative (SSBCI) may only be used for certain purposes and in circumstances where the applicable conflict of interest standards are satisfied.

Legal name of lender : _____

The lender hereby certifies the following to the participating jurisdiction:

1. The SSBCI-supported loan is not being made in order to place under the protection of the approved program prior debt that is not covered under the approved program and that is or was owed by the borrower to the lender or to an affiliate of the lender.
2. If the SSBCI-supported loan is a refinancing, it complies with all applicable SSBCI restrictions and requirements in Sections VII.f and VIII.f of the SSBCI Capital Program Policy Guidelines regarding refinancing and new extensions of credit, including that the SSBCI-supported loan is not a refinancing of a loan previously made to the borrower by the lender or an affiliate of the lender.
3. The lender is not attempting to enroll any portion of an SBA-guaranteed loan.

The undersigned is an authorized representative of the lender

Signature: _____

Name: _____

Title: _____

Date: _____

SSBCI Sex Offender Borrower Certification

Under the State Small Business Credit Initiative (SSBCI), borrowers must certify that their principals have not been convicted of a sex offense against a minor.

Legal name of borrower : _____

The borrower hereby certifies the following to the participating jurisdiction:

No principal of the entity listed above has been convicted of a sex offense against a minor (as such terms are defined in 34 U.S.C. § 20911). For the purposes of this certification, “principal” means the following: if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.

The undersigned is an authorized representative of the borrower.

Signature: _____

Name: _____

Title: _____

Date: _____

SSBCI Sex Offender Lender Certification

Under the State Small Business Credit Initiative (SSBCI), lenders must certify that their principals have not been convicted of a sex offense against a minor.

Legal name of lender : _____

The lender hereby certifies the following to the participating jurisdiction:

No principal of the entity listed above has been convicted of a sex offense against a minor (as such terms are defined in 34 U.S.C. § 20911). For the purposes of this certification, “principal” means the following: if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association, development company, or other entity, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.

The undersigned is an authorized representative of the lender.

Signature: _____

Name: _____

Title: _____

Date: _____

**SSBCI Borrower Certification Related to Business Enterprises Owned and Controlled by
Socially and Economically Disadvantaged Individuals
(SEDI-Owned Businesses)**

This transaction is supported with funding provided through the State Small Business Credit Initiative (SSBCI), a federal program that supports small business lending and investment programs in states, the District of Columbia, territories, and Tribal governments (collectively known as participating jurisdictions). SSBCI programs are designed to expand access to capital, promote economic resiliency, and create new jobs and economic opportunity. SSBCI provides funding for participating jurisdictions to support businesses owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses).¹ This certification provides documentation that an SSBCI loan or investment supported a SEDI-owned business. The information collected from this certification can only be used for purposes of the SSBCI program and must not be used for any other purposes (e.g., marketing, sale to third parties). The information collected must also not be used in a manner that violates any applicable anti-discrimination laws, including, but not limited to, the laws specified in Section IX.b of the Capital Program Policy Guidelines (Compliance with Civil Rights Requirements).

The borrower is not required to provide this certification. The borrower may identify all categories in groups (1) through (3) below that apply, including all subcategories in group (1) that apply.

Legal name of borrower : _____

The borrower hereby certifies to the lender that it is a:

1. Business enterprise that is owned and controlled² by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their:
 - membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society;
 - gender;
 - veteran status;
 - limited English proficiency;
 - disability;
 - long-term residence in an environment isolated from the mainstream of American society;
 - membership of a federally or state-recognized Indian Tribe;
 - long-term residence in a rural community;
 - residence in a U.S. territory;
 - residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or
 - membership of another underserved community.³

¹ SSBCI funds count toward fulfilling the “expended for” requirement for the \$1.5 billion SEDI allocation and toward qualifying for initial eligible amounts under the \$1.0 billion SEDI incentive allocation if the SSBCI funds have been expended for loans, investments, or other credit or equity support to any of the four groups of businesses set forth in Section IV.a of the SSBCI Capital Program Policy Guidelines. While a participating jurisdiction may reasonably identify group (4) businesses (i.e., those located in Community Development Financial Institution (CDFI) Investment Areas) based on businesses’ addresses from the relevant loan, investment, and credit or equity support applications, certification is required with regard to groups (1) through (3).

² The term “owned and controlled” means, if privately owned, 51 percent is owned by such individuals; if publicly owned, 51 percent of the stock is owned by such individuals; and in the case of a mutual institution, a majority of the board of directors, account holders, and the community of which the institution services is predominantly comprised of such individuals.

2. Business enterprise that is owned and controlled by individuals whose residences are in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii).⁴

Individual(s)’ Address(es) in CDFI Investment Areas:

3. Business enterprise that will build, open, or operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii).

Business Address in CDFI Investment Area:

The undersigned is an authorized representative of the borrower.

Signature: _____

Name: _____

Title: _____

Date: _____

³ “Underserved communities” are populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life, as exemplified by the list in the definition of equity. Equity is consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.

⁴ Treasury has provided a mapping tool for the borrower or investee to use to identify whether the relevant address is in a CDFI Investment Area at <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci/2021-ssbci/cdfi-fund-investment-areas>. For each calendar year, Treasury will use the list of CDFI Investment Areas identified by the CDFI Fund as of January 1 of the calendar year. If the CDFI Fund’s list is updated during that calendar year, the new list will not be adopted for purposes of SSBCI until the next calendar year, thus providing advance notice to jurisdictions. Further, Treasury has determined that American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands in their entirety constitute CDFI Investment Areas for purposes of the SSBCI, because each of these territories has a poverty rate of at least 20 percent.

SSBCI Privacy Notice and Privacy Act Statement

Privacy Notice:

Information from this collection will be shared with the U.S. Department of the Treasury (Treasury). Treasury has published a Privacy and Civil Liberties Impact Assessment that describes what Treasury will do with the information your business provides in this application. It can be found on the Treasury [website](#). If you have any questions about this document, please email Privacy@Treasury.gov.

Privacy Act Statement for Sole Proprietorships:

The Privacy Act of 1974 (Privacy Act) protects certain information that the federal government has about “individuals” (United States citizens and lawfully admitted permanent residents). The Privacy Act does not generally apply to businesses, but some federal courts have found that this law applies to sole proprietors (they are deemed “individuals” under the Privacy Act). If you, as the applicant, are a sole proprietor, you may have rights under the Privacy Act.

Authority: Small Business Jobs Act of 2010 (SBJA), Title III, 12 U.S.C. § 5701 et seq., *as amended by* the American Rescue Plan Act of 2021 (ARPA), section 3301; Executive Order No. 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, 86 Fed. Reg. 7009 (January 25, 2021); and Interim Final Rule, State Small Business Credit Initiative; Demographics-Related Reporting Requirements, 87 Fed. Reg. 13628 (March 10, 2022).

Purpose: Information from this collection will be shared with Treasury. This information will be shared with Treasury so it can conduct oversight to ensure compliance with federal law, including requirements related to nondiscrimination and nondiscriminatory uses of federal funds. Treasury also receives this information (including any demographic information provided) to comply with reporting requirements under the authorities listed above and to advance fairness and opportunity in underserved communities in the allocation of federal resources.

Routine Uses: The information you furnish may be shared in accordance with the routine uses outlined in Treasury .013, Department of the Treasury Civil Rights Complaints and Compliance Review Files; Treasury .015, General Information Technology Access Account Records; and Treasury .017, Correspondence and Contact Information. For example, one routine use under Treasury .013 is to disclose pertinent information to appropriate agencies when Treasury becomes aware of a potential violation of civil or criminal law. Under this routine use, Treasury may disclose demographic information to the appropriate agencies if Treasury becomes aware of a violation of applicable antidiscrimination laws. More information about this and other routine uses can be found in the System of Records Notices (SORNs) listed above, which are posted on Treasury’s [website](#).

Disclosure: Providing this information is voluntary. However, failure to furnish the requested information (except for the demographic information) may result in the denial of your application. Providing demographic information is optional. If you decline to provide this information, it will not adversely affect your application.

SSBCI Form for Demographics-Related Data

Legal name of borrower : _____

This transaction is supported with funding provided through the State Small Business Credit Initiative (SSBCI), a federal program that supports small business lending and investment programs in states, the District of Columbia, territories, and Tribal governments (collectively, “participating jurisdictions”). SSBCI programs are designed to expand access to capital, promote economic resiliency, and create new jobs and economic opportunity.

Filling out this form and providing demographic information is optional; applicants are not required to provide the requested information but are encouraged to do so. The entity collecting this information cannot discriminate on the basis of whether an applicant provides this information, or based on any information provided on this form. If you decline to provide this information, it will not adversely affect your application.

The demographics-related information collected can only be used for purposes of the SSBCI program and must not be used for any other purposes (e.g., marketing, sale to third parties). The information collected must also not be used in a manner that violates any applicable anti-discrimination laws, including, but not limited to, the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI), 42 U.S.C. § 2000d-1 et seq., and Treasury’s implementing regulations, 31 C.F.R. part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), 29 U.S.C. § 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. § 1681 et seq., and Treasury’s implementing regulations, 31 C.F.R. part 28; the Age Discrimination Act of 1975, 42 U.S.C. § 6101 et seq., and Treasury’s implementing regulations at 31 C.F.R. part 23.

If you believe you were discriminated against in connection with the provision of the information provided on this form, contact: Director, Office of Civil Rights and Diversity, U.S. Department of the Treasury, 1500 Pennsylvania Ave, N.W., Washington, DC 20220, or by email at crcomplaints@treasury.gov.

PAPERWORK REDUCTION ACT NOTICE - OMB Control Number 1505-0227

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

Applicants are encouraged to answer all of the questions below.

This information is being collected to help ensure that communities’ small business credit needs are being fulfilled and allow SSBCI to analyze the populations that SSBCI funding is benefiting.

1. Minority-owned or controlled business status			
<p>For purposes of this form, <u>minority individual</u> means a natural person who identifies as American Indian or Alaska Native; Asian American; Black or African American; Native Hawaiian or Other Pacific Islander; Hispanic or Latino/a; or one or more than one of these groups.</p> <p>For purposes of this form, an applicant is a <u>minority-owned or controlled business</u> if the business meets one or more of the following:</p> <p>(1) if privately owned, 51 percent or more is owned by minority individuals;</p> <p>(2) if publicly owned, 51 percent or more of the stock is owned by minority individuals;</p> <p>(3) in the case of a mutual institution, a majority of the board of directors, account holders, and the community which the institution services is predominantly comprised of minority individuals; or</p> <p>(4) one or more minority individuals have the power to exercise a controlling influence over the business.</p>			
Is the applicant a minority-owned or controlled business?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Prefer not to respond
2. Women-owned or controlled business status			
<p>For purposes of this form, an applicant is a <u>women-owned or controlled business</u> if the business meets one or more of the following:</p> <p>(1) if privately owned, 51 percent or more is owned by females;</p> <p>(2) if publicly owned, 51 percent or more of the stock is owned by females;</p> <p>(3) in the case of a mutual institution, a majority of the board of directors, account holders, and the community which the institution services is predominantly comprised of females; or</p> <p>(4) one or more individuals who are females have the power to exercise a controlling influence over the business.</p>			
Is the applicant a women-owned or controlled business?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Prefer not to respond
3. Veteran-owned or controlled business status			
<p>For purposes of this form, an applicant is a <u>veteran-owned or controlled business</u> if the business meets one or more of the following:</p> <p>(1) if privately owned, 51 percent or more is owned by veterans;</p> <p>(2) if publicly owned, 51 percent or more of the stock is owned by veterans;</p> <p>(3) in the case of a mutual institution, a majority of the board of directors, account holders, and the community which the institution services is predominantly comprised of veterans; or</p> <p>(4) one or more individuals who are veterans have the power to exercise a controlling influence over the business.</p>			
Is the applicant a veteran-owned or controlled business?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Prefer not to respond

Each principal owner of the applicant is encouraged to answer the questions below.

This information is being collected to help ensure that communities’ small business credit needs are being fulfilled and allow SSBCI to analyze the populations that SSBCI funding is benefiting.

For purposes of this form, a principal owner of the applicant is a natural person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity of the business. If a trust owns, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, 25 percent or more of the equity interests of the business, the trustee is a principal owner.

For each principal owner of the applicant, indicate which of the following categories the principal owner identifies with. Submit a separate copy of this table for each principal owner of the applicant (up to four).

1. Ethnicity <input type="checkbox"/> Hispanic or Latino/a <input type="checkbox"/> Prefer not to respond <input type="checkbox"/> Not Hispanic or Latino/a	
2. Race (select all that apply) <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Indian <input type="checkbox"/> Chinese <input type="checkbox"/> Filipino <input type="checkbox"/> Japanese <input type="checkbox"/> Korean <input type="checkbox"/> Vietnamese <input type="checkbox"/> Asian (Other) <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Guamanian or Chamorro <input type="checkbox"/> Native Hawaiian <input type="checkbox"/> Samoan <input type="checkbox"/> Pacific Islander (Other) <input type="checkbox"/> White <input type="checkbox"/> Prefer not to respond	
3. Middle Eastern or North African Ancestry <input type="checkbox"/> Middle Eastern or North African <input type="checkbox"/> Prefer not to respond <input type="checkbox"/> Not Middle Eastern or North African	
4. Gender <input type="checkbox"/> Female <input type="checkbox"/> Male <input type="checkbox"/> Nonbinary <input type="checkbox"/> Prefer to self-describe: _____ <input type="checkbox"/> Prefer not to respond	5. Sexual Orientation <input type="checkbox"/> Gay or lesbian <input type="checkbox"/> Bisexual <input type="checkbox"/> Straight, that is, not gay, lesbian, or bisexual <input type="checkbox"/> Something else <input type="checkbox"/> Prefer not to respond
6. Veteran Status <input type="checkbox"/> Veteran <input type="checkbox"/> Prefer not to respond <input type="checkbox"/> Non-veteran	



Collateral Support Program (CSP)

Loan Status Report



Collateral Support Program (CSP)

Claim Form

LEDC Collateral Support Program Claim Form

Lender

Lender/ Name:			
Contact Name:			
Phone #:		Email Address:	
Address:			
City:	State:	Zip:	

Loan Information

Company Name:		Email Address:	
Contact Name:		Phone:	
Address:			
Original Loan Amount: \$			
Outstanding Principal Amount prior to charge-off: \$			
Accrued Interest: \$			
Loan Type: <input type="checkbox"/> Line of Credit <input type="checkbox"/> Term Loan <input type="checkbox"/> Other			
Days Past Due:			
Balance in Cash Collateral Account (if applicable):			
Cash Collateral %			
Amount of Claim Request:			
LEDC USE ONLY			

Attachments: The Lender must attach the following:

1. Certified transcript of the loan account
2. Written request for claim on bank letterhead
3. Incoming Wire Information

Certification

Lender Certifies and Acknowledges that to the best of his/her knowledge, all information provided on and with this form is true and correct.
The Lender has complied with all terms and conditions set forth in the Master Lender Participation Agreement and Cash Collateral Deposit Agreement

Authorized Signature _____ Date _____

Printed Name and Title _____

Attention Lenders
Submit form to ATTN:



Collateral Support Program (CSP)

Collateral Deposit Agreement

STATE OF LOUISIANA
STATE SMALL BUSINESS CREDIT INITIATIVE
COLLATERAL SUPPORT PROGRAM

COLLATERAL DEPOSIT AGREEMENT

LOUISIANA ECONOMIC DEVELOPMENT CORPORATION

and

LENDER

ADDRESS: _____
ATTN: _____ **(TITLE)**
PHONE: _____
FAX: _____

COLLATERAL DEPOSIT AGREEMENT

This Collateral Deposit Agreement (the “**Agreement**”) is effective as of the date the last signatory executes this Agreement on _____, 2023, and is entered by and between:

Louisiana Economic Development Corporation (“LEDC”), a State Depositing Authority designated to provide services for the SSBCI and the CSP;

and

_____ (“**Lender**”), a _____
represented herein by its duly authorized _____,
_____, and with its offices located at
and a mailing address of _____.

RECITALS

WHEREAS:

A. Through the American Rescue Plan Act of 2021 (the “**Act**”), which reauthorized the State Small Business Initiative (“**SSBCI**”), the U.S. Congress has appropriated funds to be allocated and disbursed to approved jurisdictions that have created programs to increase the amount of capital made available by private lenders to small businesses.

B. The State of Louisiana has been approved to receive and disburse SSBCI funds within the SSBCI Program. The Louisiana Department of Economic Development, which will be working with and through LEDC, has been designated to provide services for the SSBCI, including the Collateral Support Program (“**CSP**”). LEDC will utilize SSBCI funds to increase access to credit and capital funding to further assist small businesses statewide, to expand loan capabilities to a broader range of businesses statewide, to direct a greater concentration to those small businesses, and to reach, identify and promote small business growth, especially to Socially and Economically Disadvantaged Businesses (“**SEDI**”) and Small and Emerging Businesses (“**SEB**”).

C. The CSP establishes pledged cash collateral accounts with participating lenders to enhance loan collateral for qualified small business borrowers exhibiting a shortfall in collateral and who would not otherwise be able to obtain financing on acceptable terms and conditions. Collateral deposits are established on an individual loan basis and are available to cover loan losses in the event of default by borrower. Upon loan maturity and repayment, deposits are returned to LEDC for recycling to other qualified small business owners.

D. Lender desires to participate in the CSP and seeks cash collateral funds from LEDC to be pledged by LEDC to secure the Loan to Borrower in accordance and compliance with the terms of this Agreement, the American Rescue Plan Act (ARPA) 2021, SSBCI statutes, rules, regulations, the Capital Program Policy Guidelines issued by Treasury (the “**Guidelines**”), and the rules promulgated for the CSP under the Louisiana Administrative Code (“**LAC**”), Title 19, Part VII, Subpart 13, Chapter 91, Sections 9101 through 9117 (the “**CSP Rules**”, as may be modified or amended from time to time) and other applicable federal, state and local rules and regulations.

NOW, THEREFORE, for and in consideration of the mutual agreements herein made and the mutual benefits to be derived therefrom, the Parties hereto mutually agree as follows:

ARTICLE I DEFINITIONS

Section 1.1. Terms not otherwise defined in this Agreement shall have the same meaning given to them in prevailing federal guidelines issued by the U.S. Treasury, unless the context clearly requires otherwise.

Section 1.2. Definitions. In addition to the words and terms defined elsewhere in this Agreement, each of the following words and terms as used in this Agreement shall have the following meaning, unless the context or use clearly indicates another or different meaning or intent, and such definition shall be equally applicable to both the singular and plural forms of the terms as the context may require:

(a) **“Accepted Loan”** – a loan accepted by LEDC as eligible under the CSP.

(b) **“Affiliate of the Borrower”** – any person or entity directly or indirectly controlled by the borrower or directly or indirectly controlling the borrower or under common control with the borrower. For purposes of this definition, a person controls another person if such person directly or indirectly, or acting through or in concert with one or more persons:

(i) owns, controls, or has the power to vote twenty percent (20 percent) or more of any class of voting securities or interests of the other person;

(ii) controls in any manner the election or appointment of a majority of the directors or management of the other person; or

(iii) has the power to exercise a controlling influence over the management or policies of the other person.

(c) **“Affiliate of the Lender”** – any person or entity directly or indirectly controlled by the lender or directly or indirectly controlling the lender or under common control with the lender. For purposes of this definition, a person controls another person if such person directly or indirectly, or acting through or in concert with one or more persons:

(i) owns, controls, or has the power to vote 20 percent or more of any class of voting securities or interests of the other person;

(ii) controls in any manner the election or appointment of a majority of the directors or management of the person; or

(iii) has the power to exercise a controlling influence over the management or policies of the other person.

(d) **“Board”** – the Board of Directors of Louisiana Economic Development Corporation (LEDC).

(e) **“Borrower”** – an eligible borrower which is the recipient of a loan which is, has been, or will be registered by the lender under the CSP for collateral support through a collateral deposit account.

(f) **“Business Day”** – any day other than a Saturday, Sunday, or any other day on which commercial banks in Louisiana are required or authorized to be closed.

(g) **“CDFI-Community Development Financial Institution”** – has the meaning given that term under section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994.

(h) **“CDFI Investment Area”** – as defined by Treasury for the SSBCI Program, are generally low-income, high-poverty geographies that receive neither sufficient access to capital nor support for the needs of small businesses, including minority-owned businesses.

(i) **“Collateral Deposit Account”** – the interest bearing account or certificate of deposit opened with lender in the name of LEDC pledged as collateral for an accepted eligible loan.

(j) **“Corporation”** – the Louisiana Economic Development Corporation (LEDC).

(k) **“CSP”** – the Collateral Support Program.

(l) **“CSP Application”** – program application for the collateral support request where the lender and borrower each sign and agree to abide by the assurances and certifications as required by the U.S. Treasury.

(m) **“CSP Collateral Analysis Form”** – form completed by the lender evaluating the borrower's collateral value position.

(n) **“CSP Claim Form”** – form completed by the lender to LEDC in the event of a default and subsequent loan loss.

(o) **“Default”** – delinquent in making payment, when due, of any installment of principal or interest on any note, for a period of more than 90 days.

(p) **“Eligible Borrower”** – a Louisiana business enterprise which meets all requirements of federal law and the CSP.

(q) **“Eligible Loan”** – a loan (or a line of credit) that meets the criteria for an eligible loan under the CSP in effect at the time the loan is registered and for which each of the assurances, representations and warranties set forth in the CSP is true and correct.

(r) **“Enrolled Loan”** – a loan (or a line of credit loan) which has been approved for acceptance in the CSP and in which the loan instruments have been fully executed.

(s) **“Financial Institution”** – also referred to herein as a *Bank, Financial Lending Institution, Lending Institution, Commercial Lending Entity, or Lender*--includes any insured depository institution, insured credit union, or community development financial institution, as those terms are defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

(t) **“LED”** – the Louisiana Department of Economic Development (LED).

(u) **“LEDC”** – the Louisiana Economic Development Corporation (LEDC).

(v) **“Collateral Deposit Agreement”** – the loan and deposit agreement (“deposit agreement”), to be executed by LEDC and the lender, for the deposit of cash collateral by LEDC with the lender, as security for a portion of the loan accepted under this program.

(w) **“Lender”** – an insured depository institution, insured credit union, or community development financial institution, as those terms are each defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702) which is experienced in the making of loans to businesses of the type provided for under the CSP, has an office and business operations in the State of Louisiana, and is regulated by the Office of the Comptroller of the Currency (including by merger, the Office of Thrift Supervision), the Federal Reserve Board, the Louisiana Department of Finance or similar regulatory agency.

(x) **“Lender Insider”** – an executive officer, director, or principal shareholder of the lender, or a member of the immediate family of an executive officer, director or principal shareholder of the lender, or a related interest of such executive officer, director, principal shareholder or member of the immediate family. For the purposes of this provision, the terms *executive officer, director, principal shareholder, immediate family, and related interest* shall have the respective meaning ascribed thereto in Federal Reserve Act Sections 22(g) and (h), Federal Reserve Board Regulation O and applicable Office of the Comptroller of the Currency or Office of Thrift Supervision.

(y) **“Loan”** – any temporary advance or provision of money to an eligible borrower by the participating lender for a business purpose, usually for a limited term and requiring the payment of interest along with the repayment of the loaned funds under the CSP, that is evidenced by a promissory note that obligates the borrower to repay the advance. When used herein, the word loan includes a line of credit loan.

(z) **“Loss”** – any principal amount due and not paid at a time the lender determines in a manner consistent with its normal method and timetable for making such determinations that a qualified loan is uncollectible and is to be charged off as a loss. The amount included in the loss shall not exceed the unpaid principal balance of the enrolled loan.

(aa) **“Net Proceeds of the Loan”** – the gross loan amount less costs incurred in issuing the loan which are paid by the borrower out of the gross loan amount.

(bb) **“Program” or “CSP Program”** – the collateral support program.

(cc) **“Permanent Full-Time Job(s)”** – refers to direct jobs which are not contract jobs, that are permanent and not temporary in nature, requiring employees to work an average of thirty (30) or more hours per week.

(dd) **“Small and Emerging Business”** or **“SEB”** – a Louisiana business certified as a Small and Emerging Business (SEB) by the Louisiana Department of Economic Development's Small Business Services.

(ee) **“Small Business Concern”** – for purposes of size eligibility for this program will be limited to businesses with 100 employees or less.

(ff) **“Socially and Economically Disadvantaged Individual (SEDI) Owned Business”**:

(i) business enterprises that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their:

(1) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society;

(2) gender;

(3) veteran status;

(4) limited English proficiency;

(5) physical handicap;

(6) long-term residence in an environment isolated from the mainstream of American society;

(7) membership of a federally or state-recognized Indian tribe;

(8) long-term residence in a rural community;

(9) residence in a U.S. Territory;

(10) residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or

(11) membership of another *underserved community* as defined in Executive Order 13985;

(ii) business enterprises that certify that they are owned and controlled by individuals where residences are in CDFI investment Areas, as defined by Treasury for the SSBCI Program;

(iii) business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined by treasury for the SSBCI Program; or

(iv) business enterprises that are located in CDFI investment areas, as defined by the U.S. Treasury for the SSBCI Program.

(gg) “**Very Small Business**” or “**VSB**” – a business with fewer than 10 employees; may include independent contractors and sole proprietors.

ARTICLE II

APPLICATION; BORROWER AND LOAN

Section 2.1. Application, Submission and Approval; Closing and Reservation Period.

(a) Lender has submitted a true and correct application, loan packet, and related documents and information as required by Section 9105 of the CSP Rules to seek qualification for the Loan under the CSP.

(b) LEDC has reviewed the application and analysis, has approved and accepted Lender’s application for the Loan’s participation in the CSP upon the terms and conditions agreed upon by LEDC, and LEDC notified Lender of the approved funds under the CSP on _____, _____ (this final LEDC approval date is referred to in this Agreement as the “**Approval Date**”).

(c) Funds approved for each CSP application will have a reservation period of ninety (90) calendar days from the Approval Date (the “**Reservation Period**”).

(d) If the Loan does not close within ninety (90) calendar days from the Approval Date, the Reservation Period will expire and funds will be released to the general program fund to be used for other CSP requests, unless an extension has been approved by LEDC.

(e) Upon the expiration of the Reservation Period, to the extent Lender seeks collateral support for the Loan under the CSP, Lender shall re-apply and re-start the application and review process with a new or updated application.

Section 2.2. Borrower. _____ (“**Borrower**”) is a/an _____ that maintains an office in Louisiana and located at _____, who will be receiving the following Loan from Lender, dated on or about the date of this Agreement. Lender represents and warrants that Borrower is eligible for participation in the CSP, meets the eligibility requirements of the CSP Rules and is not an ineligible business or ineligible business purpose as set forth in Article III below and in the CSP Rules, a copy of which is attached to this Agreement as **Annex D**.

Section 2.3. Enrolled Loan. The Enrolled Loan is in the principal amount of \$ _____ (the “**Principal Amount**”), which Enrolled Loan is for an approved CSP term of _____ (_____) years, is for an eligible business purposes with a principal amount of \$1,000,000 or less, and is to an eligible borrower doing business in Louisiana having

100 employees or less at the time the Loan is enrolled in the CSP Program.¹ The Enrolled Loan shall create or retain in Louisiana at least one new Permanent Full-Time Job. The Enrolled Loan is one of the following types of loans, marked by an “X” below:

A Term Loan: With a fixed amount and specified repayment schedule; or

A Line of Credit Loan: With an open line of credit allowing for cycles of advances and repayments in an amount not to exceed the principal amount of the Loan.

Section 2.1. LEDC Collateral Support.

(a) Collateral Deposit Account. LEDC and Lender acknowledge and confirm that the interest bearing account or Certificate of Deposit (“**Collateral Deposit Account**”): (i) has been established with Lender; (ii) shall be in the name of LEDC in an interest bearing demand account or certificate of deposit under Account No. _____;² (iii) shall be pledged as collateral for the Loan in favor of Lender; (iv) shall be assigned the federal tax identification number of LEDC; (v) shall not exceed the approved Collateral Support Amount (as defined in subpart (b) below, and (vi) is and shall be treated as an “instrument” (within the meaning of Section 9-102(a)(47) of the Louisiana Uniform Commercial Code). Lender acknowledges and confirms that: (i) Lender is a “bank” (within the meaning of Section 9-102(a)(8) of the Louisiana Uniform Commercial Code); and (ii) LEDC shall be treated as the “customer” (within the meaning of Section 4-104 of the Louisiana Uniform Commercial Code) with respect to the Collateral Deposit Account.

(b) Amount of Cash Collateral.

(i) Provided LEDC agrees to provide collateral support for the Loan up to the approved Collateral Support Amount, LEDC shall deposit the following amount of cash collateral with Lender in Collateral Deposit Account in the amount of _____ **& /100 Dollars (\$ _____)**, being equal to up to fifty percent (50%) of the approved Collateral Support Amount, which will be funded within two (2) business days of the Loan closing (the “**Initial Collateral Deposit**”). The remaining balance of the approved Collateral Support Amount will be deposited by LEDC in the Collateral Deposit Account within thirty (30) calendar days after LEDC receives written notice by way of the Claim Form from Lender of Borrower’s Default under the Loan and a request by Lender of the remaining Collateral Support Amount which will be calculated based on the current outstanding principal balance indicated on the Claim form from the Lender. The amount held in the Collateral Deposit Account, including the Initial Deposit, is referred to collectively herein as the “**Collateral Support Amount.**”

¹ Additional Loan restrictions under the SSBCI are provided in the Guidelines. This includes, but is not limited to, the requirement that Lender have a “meaningful amount of their own capital resources at risk” for each loan or investment involving SSBCI funds as set forth in 12 U.S.C. § 5705(c)(3) and as described in the Guidelines.

² There shall be no prepayment penalty as it relates to the Collateral Deposit Account for any early payout of any Loan(s) and/or a return of the Collateral Deposit Account before any applicable term or maturity, which penalties shall be waived by Lender.

(c) Applicable Limit(s) on Collateral Support Amount. For small business loans or lines of credit under the CSP, LEDC's Collateral Support Amount shall be:

(i) no greater than fifty percent (50%), and not to exceed \$250,000, of the total principal amount of the Loan for loans or lines of credit amounts equal to or less than \$500,000.

(ii) no greater than twenty-five percent (25%), and not to exceed \$250,000, of the total principal amount of the Loan for loans or lines of credit amounts greater than \$500,000 but not to exceed \$1,000,000.

(d) Grant of Security Interest in Collateral Deposit Account.

(i) To secure the payment of not to exceed fifty percent (50%) or twenty-five percent (25%), as applicable, of the unpaid principal balance due on the Loan (but not any interest, any lender or other fees, or collection costs) until the repayment of the Loan by the Borrower or other obligor to Lender (as limited by this Collateral Deposit Agreement), LEDC grants and pledges unto the Lender a continuing security interest in and to the following:

Collateral Deposit Account, representing or evidencing the Collateral Support Amount, after applying all repayments, other reductions, and proceeds from the liquidation of the Additional Collateral.³

(ii) Notwithstanding anything to the contrary in this Agreement or any other agreement: (i) LEDC is not granting any security to Lender in any of the accrued interest, dividends, or other investment income accruing or otherwise arising from the Collateral Deposit Account (the "**Account Income**"); and (ii) all Account Income, and the dollar amount of all reductions to the Cash Collateral Amount as provided by this Agreement, remain the sole and separate property of LEDC, free and clear of any lien, claim, or interest of Lender or any third party.

(iii) The Collateral Deposit Account shall not be cross-pledged nor cross-collateralized with any other loan.

Section 2.2. Event of Default by Borrower.

(a) An event of default by Borrower means the Borrower is delinquent in making payment, when due, of any installment of principal or interest on any note, for a period of more than 90 days (which is not cured after the expiration of any applicable opportunity to cure) ("**Event of Default**"). In the Event of Default by Borrower, Lender may take reasonable steps within the ninety (90) day period to restructure and/or workout a payment plan with Borrower to cure the Event of Default by Borrower; provided, however, that Lender shall first notify LEDC of any potential restructure and/or workout and Lender confirms in writing to LEDC that the terms and conditions of any workout or restructure continue to meet all applicable SSBCI requirements and statutes, including but not limited to the Guidelines and the CSP Rules.

³ In no event shall Lender fail to have a meaningful amount of their own capital resources at risk in the transaction as set forth in the Guidelines.

(b) To the extent Lender and Borrower are unable to cure the Event of Default by Borrower as provided in subpart (a) above, Lender may request in writing that LEDC fund the deposit account by submitting a completed, signed and dated Claim Form to LEDC in the form attached hereto as **Exhibit A** (the “**Default Notice**” and/or the “**Claim Form**”) notifying LEDC of the default reasonably describing the circumstances of the default.

(c) Provided Lender has complied with the terms and conditions of this Agreement, LEDC will deposit the remaining cash deposit of 50 percent of the current principal balance within thirty (30) days after LEDC receives written notice by way of the Claim Form from Lender of Borrower’s Default under the Loan and a request by Lender of the remaining Collateral Support Amount. Once the full collateral support deposit is requested for the deposit account, the lender may begin their standard collection and liquidation process. LEDC, at its sole and absolute discretion, may extend the thirty (30) period in order to request additional information or documents and/or to evaluate and determine Lender has fully complied with its obligations in this Agreement. LEDC’s payment of the remaining Collateral Support Amount shall not constitute or be deemed a waiver by LEDC of any of its rights under this Agreement, the CSP Program, the Collateral Support Amount, or in any way relating to or arising from Lender’s negligence, misconduct, misrepresentation or misstatement (as it relates to this Agreement, the CSP Program, or any certifications provided in connection with the Default Notice), or any violation of any provision of this Agreement, the CSP Program, or the Loan Documents (including failure to comply with applicable SSBCI statutes and the Guidelines).

(d) Thereafter, should any funds remain in the deposit account after the withdrawal and application of such funds, the remaining amount on deposit shall be returned by lender to LEDC, plus all interest accrued on the deposit account, which accrued interest on LEDC’s deposit account is not included as a portion of the collateral securing the Loan. Upon LEDC’s payment of the Collateral Support Amount, Lender shall continue to administer the Loan and LEDC shall have no further obligations. Upon LEDC’s payment of the remaining Collateral Support Amount as set forth in this Section, Lender shall continue to bear all costs and fees in connection with servicing and administering the Loan, and shall also bear all costs and fees (including attorney’s fees) in collecting, seizing, foreclosing, or otherwise liquidating any Additional Collateral under the Loan.

Section 2.3. Additional Requirements.

(a) Subject to any additional restrictions or limitations in this Agreement, the CSP Rules and the Guidelines, maturity, collateral and other loan terms shall be negotiated between Lender and Borrower, and LEDC shall have an opportunity to approve the terms of the Loan prior to the closing, but the collateral support term period with regard to various types of loans shall be limited as follows:

(i) for equipment term loans, CSP term periods may extend for up to and not exceed five years.

(ii) for revolving lines of credit, CSP term periods may extend for up to and not exceed three years.

(iii) for non-revolving lines of credit, CSP term periods may extend for up to and not exceed two years.

(iv) for business real estate term loans, CSP term periods may extend for up to and shall not exceed five years.

(b) Equity requirements shall be determined according with Lender's normal credit criteria and policy, but in no case shall the equity position be less than ten percent (10%). "Equity" is defined to be: (i) cash; (ii) paid-in capital; (iii) paid-in surplus and retained earnings; or (iv) partnership capital and retained earnings. No research, development expense nor intangibles of any kind will be considered Equity.

(c) *Interest Rates.* On any Loan(s) (or lines of credit) under the CSP, the interest rate is to be negotiated between Borrower and Lender; provided however, that the interest rate for the Loan (at the time of obligation and throughout the term of the Loan), shall not exceed the National Credit Union Administration's (NCUA) interest rate ceiling for loans made by federal credit unions as described in 12 U.S.C. § 1757(5)(A)(vi)(I) and set by the NCUA board. Further, on all loans and lines of credit, the interest rate shall not exceed the lesser interest rate of either: the National Credit Union Administration (NCUA) interest rate ceiling, that established by the Federal Credit Union Act (FCUA), that established by the Office of the Comptroller of the Currency (OCC), or applicable state legislation that may be enacted. LEDC's collateral support is also intended, *inter alia*, to provide Borrower with a more favorable interest rate than would otherwise be provided absent this Cash Collateral Support. Lender will consider the Cash Collateral Support in its underwriting of the Loan and/or in determining the applicable rate to be applied to the Loan to ensure that the interest rate provided with this Cash Collateral Support is more favorable to Borrower than the interest rate would have been absent this Cash Collateral Support.

(d) In addition to any restrictions under the Guidelines and CSP Rules, Loan funds under the CSP shall meet and comply with the Loan Purpose Requirements and Prohibitions set forth in the CSP Rules annexed hereto as **Annex D** and referenced in Article III below.

(e) The Loan shall be disbursed in accordance with Loan Documents among the Borrower, any co-maker, obligor of the Loan, and Lender, which include without limitation, a Loan agreement, promissory note, security agreement(s), and as applicable, other hypothecations, guarantees, and other ancillary and related documents (the foregoing, and this Agreement, including all appendices, and any permitted amendments thereto, collectively, the "**Loan Documents**").

(f) The terms and conditions of the Loan, as provided in the applicable Loan Documents, shall comply with the standards, restrictions, and criteria provided by the SSBCI statutes, rules, and regulations, the CSP Rules, as well as the Guidelines.

(g) At the Loan closing, Lender shall enter into the Loan Documents and execute this Agreement. After the Loan closing, Lender shall immediately furnish the signed and executed original of this Agreement to LEDC and provide copies of all fully executed Loan Documents to

LEDC. Five (5) business days prior to the closing date, Lender shall make available the Loan Documents to LEDC for review and approval.

Section 2.4. Additional Collateral. The value of Borrower's collateral shall be determined according to Lender's normal lending criteria and policy. The intent of the CSP is to enhance loan collateral for qualified Borrowers exhibiting a shortfall in collateral as required by Lender for Borrower who would not otherwise be able to obtain financing on acceptable terms and conditions. Thus, Borrower is required to provide collateral to the loan and the collateral provided by this Agreement is intended to enhance, and be in addition to, other collateral for this Loan.

(a) In addition to the LEDC cash collateral provided hereinafter, Borrower will provide the following Additional Collateral as security for the Borrower's repayment obligations under the Loan, as marked by an "X" below:⁴

A Mortgage on fixed business assets – real estate, buildings, fixtures;

A Security Agreement – business equipment, machinery, and/or inventory;

An Assignment of Accounts Receivable, with a supporting aging schedule but not to exceed eighty percent (80%) of the receivable value;

Other ;

(the collateral provided above, if any, is referred to herein as the "**Additional Collateral**").

(b) The collateral position for any Additional Collateral may be negotiated; provided, however, that the Additional Collateral shall be no less than a sole second position.

(c) For any Additional Collateral marked above, Lender acknowledges and confirms that it shall not include a confession of judgment in any Loan Documents, security agreement(s), collateral document(s), or any other instrument(s) used to secure the Loan.⁵

(d) Borrower's Collateral Value Determination:

(i) Lender shall be required to verify the collateral value using commonly accepted collateral coverage standards.

(ii) The appraiser must be certified by a recognized organization in the area of the collateral.

⁴ Please note the applicable SSBCI restrictions, Guidance, and the terms of the Agreement in connection with loans involving immovable/real property, construction loans, etc.

⁵ This and other applicable restrictions apply to, *inter alia*, transactions and loans that involve the same or affiliated businesses, single or multiple loans or investments, terms and conditions that provide for cross-collateralization with multiple borrowers, affiliates, or a single borrower and different assets, cross guarantees, or the presence of other substantially similar terms or conditions among the transactions.

(iii) The appraisal shall not be more than 90 days old, except in the instance of real estate which shall not be more than six months old.

(e) *Acceptable* collateral from Borrower includes but is not limited to:

(i) fixed assets--business real estate, buildings, fixtures;

(ii) business equipment, machinery, inventory;

(iii) accounts receivable with supporting aging schedule; but not to exceed 80 percent of receivable value.

(f) *Unacceptable* collateral includes but is not limited to:

(i) stock in applicant/borrower company and/or related companies;

(ii) personal items or borrower's primary residence;'

(iii) intangibles; including but not limited to, digital currency such as cryptocurrency and non-fungible tokens (NFTs);

(iv) leasehold improvements.

Section 2.5. General Loan Administration Provisions. Lender shall originate, prepare all Loan Documents for, make, process, administer, maintain, service and collect the Loan.

(a) The Lender shall promptly notify LEDC in writing (and describe in reasonable detail) and in advance should Lender:

(i) receive any written request by Borrower or any co-maker, guarantor, endorser, or other debtor or obligor of the Loan for any change in the terms and conditions of such Loan, or any of the Loan Documents, including, without limitation, any request for the release, substitution, or exchange of collateral for such Loan or the release of any of their personal obligations under such Loan;

(ii) commence any collection or debtor proceeding against Borrower or any co-maker, guarantor, endorser, or other debtor or obligor in connection with the Loan; **and/or**

(iii) seize or foreclose,⁶ sell, transfer, assign, or attempt to execute against any collateral or security securing the Loan, including but not limited to any Additional Collateral and/or the security provided in connection with this Agreement.

(b) Lender may not, without the express prior written approval of the President or Secretary-Treasurer of LEDC, by amendment to this Agreement or otherwise:

⁶ LEDC notes the restriction against including a confession of judgment in any loan involving or supported by SSBCI funds, which limits the ability to proceed in Louisiana through executory process.

(i) Amend any of Lender representations, warranties or certifications herein made, or any of Lender representations, warranties or certifications submitted to LEDC with the Loan application, or any Borrower representations, warranties or certifications in Borrower' certificates and covenants in the Borrower's agreement submitted to LEDC with the Loan application; **or**

(ii) Waive or release any claim against any Borrower or any co-maker, guarantor, endorser, other debtor or obligor of the Loan; **or**

(iii) Consent to any release, substitution, or exchange of Borrower's Additional Collateral, except:⁷

(1) sales of inventory in the ordinary course of business;

(2) collection of accounts receivable in the ordinary course of business;

(3) sales, substitution and exchange of worn or obsolete equipment in the ordinary course of business.

(c) Upon the request of LEDC as necessary to comply with the SSBCI requirements, Lender shall provide LEDC with copies of all financial statements and tax returns provided by the Borrower to the Lender, and copies of all Loan Documents.

(d) Lender shall comply with the Disclosure of Terms requirement set forth in the Program and Guidelines.⁸ In addition, Lender shall disclose to Borrower and any co-maker, guarantor, endorser, other debtor or obligor of the Loan, the existence of the Collateral Deposit Agreement in connection with the making and servicing of the Loan and collecting payments to be made by Borrower, and explain that Borrower and others mentioned shall have no interest in the Agreement, the Collateral Deposit Account and/or the Collateral Support Amount.

(e) Lender shall exercise the same degree of care and discretion in servicing the Loan and collecting payments from Borrower as it would take in servicing the Loan and collecting payments solely for its own account, subject to any restrictions or limitations provided by the Guidelines, the SSBCI statutes and/or CSP program rules.⁹

⁷ LEDC notes the restriction against including a confession of judgment in any loan involving or supported by SSBCI funds, which limits the ability to proceed in Louisiana through executory process.

⁸ Disclosure of Terms. Pursuant to the Guidelines, Treasury requires that SSBCI-supported transactions must include disclosure by Lender of all key terms in an easy-to understand manner. Lender agrees to comply with these disclosure requirements, which disclosures should include, for example: (i) the loan or investment amount; payment obligations and scheduled; (ii) any terms giving Lender control over the borrower's or investee's cash balances, cash flows or ownership; (iii) any conversion rights and future rights to purchase equity; and (iv) any fees or extra costs. These minimum disclosure standards do not supersede disclosure requirements that may apply under other applicable law. All applicable federal and state securities and lending disclosure laws, rules, and regulations continue to apply.

⁹ Prepayment or "Double Dipping" fees are not permitted under the SSBCI. "Double dipping" occurs when a lender issues new credit to refinance prior credit without forgiving a portion of the fee already paid and results in the borrower paying a fee on top of a fee. In no event shall any application fee involving SSBCI funds exceed \$500.00

Section 2.6. Termination of Security Interest and Return of the Collateral Support Amount.

(a) The security interest granted by this Agreement shall automatically terminate and the Collateral Support Amount shall be returned by Lender to LEDC, upon the first to occur of:

(i) The payment of the Loan in full of an aggregate amount equal to the applicable of the following: (i) the outstanding Term Loan Unpaid Principal Balance; or (ii) the then outstanding Line of Credit Unpaid Principal Balance after taking into account the then existing restrictions or reductions on further advances which are imposed by Lender, and subject to the closure of that part of the Line of Credit which equals the Unpaid Principal Balance;

(ii) An Event of Default by Lender (as defined in this Agreement); **or**

(iii) The expiration of the maturity date of the approved CSP term.

(b) Upon any such event, all funds (including Account Income) in the Collateral Deposit Account shall be the sole and separate property of LEDC, free and clear of any lien, claim or interest of Lender or any third party, and shall, along with any Account Income, accrued interest or other funds in the Collateral Deposit Account, be disbursed by Lender to LEDC, which shall reuse such funds in its sole discretion. Lender agrees to promptly execute and deliver to LEDC all documents that LEDC reasonably deems necessary or desirable to release the security interests granted in this Agreement, including, without limitation, termination statements.

Section 2.7. Default by Lender. The occurrence of any one or more of the following events or conditions shall constitute an event of default by Lender under this Agreement (which defaults may be determined by LEDC or the Treasury, acting in their sole discretion):

(a) any representation, warranty, certification, assurance or any other statement of fact contained in this Agreement, and/or any representation or warranty set forth in any document, report, certificate, financial statement or instrument now or hereafter delivered to LEDC or Treasury in connection with this Agreement, including but not limited to the information supplied in the Enrollment Application, is found to be inaccurate, false, incomplete or misleading when made, in any material respect;

(b) any breach by Lender whereby Lender materially fails to observe, comply with, meet or perform any term, covenant, agreement or other provision contained in this Agreement including, but not limited to, the failure to submit complete and timely file annual reports, or Lender, or Lender fails the annual performance and compliance review performed by LEDC;

for loans under \$25,000, or exceed two percent (2%) for loans greater than \$25,000. This restriction is included in the Guidelines. In no event shall any application fee involving SSBCI funds exceed \$500.00 for loans under \$25,000, or exceed two percent (2%) for loans greater than \$25,000. The restriction is included in the Guidelines.

(c) any other material breach by Lender of any duty or obligation of the Lender under this Agreement, including;

(d) the appointment of a receiver or custodian over a material portion of Lender's assets, which receiver or custodian is not discharged within sixty (60) days following its appointment;

(e) any voluntary bankruptcy or insolvency proceedings are commenced by Lender; or

(f) any involuntary bankruptcy or insolvency proceedings are commenced against the Lender, which proceedings are not set aside within sixty (60) calendar days from the date of institution thereof.

Upon the occurrence of any one or more of an Event(s) of Default by the Lender, in addition to all rights and remedies created by this Agreement, LEDC shall be entitled to pursue and enforce all rights and remedies available to LEDC, legal and equitable, including without limitation, the right of recoupment, and the right to require Lender's books and records related to the Loan, Loan Documents and this Agreement to be separately audited by an independent certified public accountant selected by LEDC, at LEDC's sole cost and expense; provided, however, in the event the audit reveals a breach of this Agreement or any Loan Document(s), has occurred, Lender shall reimburse LEDC for the fees and expenses incurred to perform the audit.

No remedy is intended to be the sole and exclusive remedy in case any Event of Default by Lender occurs, and each remedy shall be cumulative and in addition to every other provision or remedy now or later existing at law, in equity, by statute or otherwise. All remedies shall be cumulative. Lender shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses incurred by LEDC in enforcing any obligation of Lender arising from or under the Loan, any of the Loan Documents, or this Agreement.

Section 2.8. LEDC Access to Collateral Deposit Account. Upon written notice from LEDC or at its order, Lender shall release to LEDC (the "**Release**") amounts equal to:¹⁰

(a) All Collateral Deposit Account accrued interest and any other Account Income at the times payable by Lender for accounts of the same type, including but not necessarily limited to the Collateral Support Amount; and

(b) The applicable of:

(i) In the case of a Term Loan, after the reduction in the principal owing under the Loan as payments or other credits are applied against the Term Loan Principal Balance, LEDC may request partial return of the Collateral Support Amount to correspond to ongoing principal reductions in the Loan in order to maintain the original ratio of Collateral Deposit Account to Loan principal; or

¹⁰ There shall be no prepayment penalty.

(ii) In the case of a Line of Credit Loan, the amounts in the Collateral Deposit Account in excess of the lesser of:

(1) The Initial Collateral Deposit; or

(2) LEDC may request partial return of the Collateral Support Amount pro-rata, based on reductions in the sum of the outstanding principal amount of the Line of Credit plus the undrawn amount of the Lender's Line of Credit, up to the Loan Limit, and as further limited by any restrictions or reductions on further advances which reduce the Loan Limit as may be imposed by the Lender, or if no principal reduction has occurred in any annual period of the Loan, a reduction in the Collateral Deposit Amount may be made in proportion to the remaining life of the Loan.

Nothing in this Section shall be deemed to imply or impose upon LEDC any obligation to increase the amount of the Collateral Deposit Account or Collateral Support Amount. Lender shall provide all detail reasonably requested by LEDC regarding the breakdown of individual payments, credits, fees, or other charges against the Loan, including without limitation, itemization of the foregoing items in this paragraph and in subparagraph (ii) above.

Section 2.9. Reporting Requirements. Under the U.S. Treasury SSBCI Capital Program Reporting Guidance (“**Reporting Requirements**”) annexed hereto as **Annex B**, LEDC must submit to Treasury quarterly reports and annual reports containing the information, on the respective due dates, as set forth in the SSBCI Capital Program Reporting Guidance. Treasury has also recommended in its SSBCI Compliance Guidance that participants such as LEDC conduct certain monthly reporting in connection with its participation in the SSBCI Program. To facilitate LEDC’s participation and reporting obligations under the CSP, Lender shall be obligated to:

(a) *Monthly Reports.* Beginning on a month-to-month basis with the first full calendar month following the execution of this Agreement, Lender shall provide a monthly report to LEDC within ten (10) days after the end of each month.

(b) *Quarterly Reports.* Beginning with the first full calendar quarter following the execution of the Allocation Agreement, Lender shall provide to LEDC quarterly reports containing the information set forth in the Reporting Requirements for the applicable quarterly reporting period, within ten (10) days after the end of each quarterly reporting period (excluding the quarterly reporting period ending on the expiration date of the Allocation Agreement). To the extent the quarterly report information provided to LEDC is incomplete or should LEDC have additional questions or any additional information or reporting, Lender agrees to promptly comply with such requests in order for LEDC to meet its quarterly reporting obligations by the Quarterly Report Submission Deadline(s). The last quarterly report is due by LEDC to Treasury on January 30, 2028; however, if the reporting requirement is extended by Treasury or otherwise, then the quarterly reporting requirements required in this Section shall also continue without interruption.

(c) *Annual Reports.* Starting in 2023 and for each calendar year thereafter, Lender shall provide to LEDC an annual report contained the information set forth in the Reporting Requirements within forty-five (45) days of the end of the calendar year, or no later than February

15. To the extent the annual report information provided to LEDC is incomplete or should LEDC have additional questions or require additional information or reporting, Lender agrees to promptly comply with such requests in order for LEDC to meet its annual reporting obligations by the Annual Report Submission Deadline(s). In computing the aggregate outstanding balance of all Loan(s) for such annual reports, the balance of any Loan shall in no event be considered to be greater than the covered amount of the loan as enrolled and, in the case of lines of credit, the outstanding balance shall be considered to be the enrolled line amount.

Notwithstanding the foregoing, LEDC reserves the right to require additional or supplemental reporting to remain in compliance with the laws, rules and regulations, as amended from time to time, of Treasury relating to the SSBCI program and/or the CSP.

ARTICLE III

OTHER COLLATERAL SUPPORT PROGRAM PROVISIONS

Section 3.1. CSP Program and CSP Rules. In addition to the terms and conditions set forth in this Agreement, the Guidelines, and the documents and agreements attached and/or annexed hereto, the CSP Rules provide addition requirements under the CSP Program. The following businesses shall be eligible for participation in this program, except for those ineligible businesses and purposes hereinafter shown:

(a) *Eligible.*

(i) small business concerns organized as a sole proprietorship qualified to do and doing business in Louisiana, or either a for profit corporation, partnership, limited liability company, limited liability partnership, joint venture, cooperative, non-profit entity with an eligible business purpose as defined above, or other entity which is registered and authorized to conduct business in the state of Louisiana that maintain an office in Louisiana;

(ii) small and emerging businesses (SEBs) certified by LED's small business services that maintain an office in Louisiana;

(iii) SEDI;

(b) *Ineligible.* Funding requests for any eligible business purpose may be considered, *except for the following ineligible businesses or purposes:*

(i) restaurants (except for regional or national franchises), grills, cafes, fast food operations, motorized vehicle, trailer, curb-side, sidewalk or street vender food operations, and any other business or project established for the principal purpose of dispensing cooked food for consumption on or off the premises that have been in business less than two years;

(ii) bars, saloons, daiquiri shops, operations for the sale of alcoholic popsicles and other alcoholic food items, packaged liquor stores, including any other business or project established for the principal purpose of dispensing, packaging, or distributing alcoholic beverages;

(iii) any business or establishment which has gaming or gambling as its principal business;

(iv) any business or establishment which has consumer or commercial financing or lending activities as its business;

(v) any business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants;

(vi) any business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as stock market investments, dealing in commodities futures, wildcatting for oil, and other speculative activities;

(vii) any business engaged in activities that are prohibited by applicable federal, state or local law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of products that are to be used in connection with any illegal activity, such as but not limited to selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); this category of business includes direct and indirect marijuana businesses, as defined by SBA Standard Operating Procedures 50 10 6; or

(viii) funding for the acquisition, renovation, or alteration of a building or property for the principal purpose of real estate speculation, rental, or any other passive real estate investment purposes;

(ix) funding for the purpose of establishing a park, theme park, amusement park, or camping facility;

(x) funding for the principal purpose of refinancing existing debt; a refinancing of a loan previously made to the borrower by the lender or an affiliate of the lender; or a loan made in order to place under the CSP prior debt that is not covered under the CSP and that is or was owed by the borrower to the lender or to an affiliate of the lender;

(xi) funding for the purpose of buying out any stockholder or equity holder by another stockholder or equity holder in a business; for the purpose of purchasing any portion of the ownership interest of any owner of a business; or for buying out any family member or reimbursing any family member;

(xii) funding for the purpose of reimbursing funds owed to any owner, including any equity injection or injection of capital for the business's continuance;

(xiii) funding for paying any person to influence or attempt to influence any agency, elected official, officer or employee of a state or local government in connection with lobbying activities, the making, award, extension, continuation, renewal, amendment, or modification of any state or local government contract, grant, loan or cooperative agreement as such terms are defined in 31 U.S.C. § 1352;

(xiv) funding for paying any costs incurred in connection with:

(A) any defense against any claim or appeal of the United States Government, any agency or instrumentality thereof (including the U.S. Department of Treasury), against the state of Louisiana, or

(B) any prosecution of any claim or appeal against the United States Government, any agency or instrumentality thereof (including the U.S. Department of Treasury), which the state of Louisiana instituted or in which the state of Louisiana has joined as a claimant;

(C) funding to be used to pay any delinquent federal or state income taxes, as well as any taxes held in trust or escrow, such as payroll taxes or sales taxes.

ARTICLE IV

REPRESENTATION AND WARRANTIES; INDEMNIFICATION

Section 4.1. Representations and Warranties.

(a) LEDC represents and warrants that:

(i) LEDC is a public body corporate and politic of the State of Louisiana and has the power and authority to enter into and perform its obligations under this Agreement; and

(ii) Except as disclosed in writing to Lender or provided by law, no consent or approval is necessary from any other governmental authority as a condition to the execution and delivery of this Agreement by LEDC or the performance of any of its obligations under this Agreement.

(iii) LEDC is the legal and beneficial owner of the Collateral Deposit Account free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by this Agreement; and

(iv) The grant and pledge of the security provided under this Agreement creates a valid first priority security interest in the Collateral Deposit Account, securing a portion of the payment of the Term Loan Principal Balance or Line of Credit Principal Balance, as applicable.

(b) Lender represents, warrants and certifies that:

(i) The only recipient of the Loan is the Borrower identified and described in this Agreement;

(ii) Lender shall perform all of its obligations and duties, and shall otherwise comply with all terms and conditions of this Agreement, the CSP Rules, as well as all obligations and duties in the Loan Documents;

(iii) Lender hereby certifies that all representations, warranties and certifications of Lender to be submitted in connection with the Loans to be approved and accepted by LEDC into the CSP shall be correct and true; and all representations, warranties and certifications to be obtained by Lender from the Borrower and submitted to LEDC in connection with the Loan to be approved and accepted by LEDC into the CSP, to the best of Lender's knowledge and information, shall be correct and true, and Lender shall have no doubts as to their truthfulness;

(iv) The Loan and the Loan Documents comply with the Minimum National Customer Protection Standards provided in the Guidelines (as may be amended and updated from time to time). This includes, at a minimum, that the Loan and/or the Loan Documents: (i) at the time of obligation and throughout the term of the Loan, does not exceed the rate cap ceiling requirements as described in 12 U.S.C. § 1757(5)(A)(vi)(I) and set by the NCUA board, (ii) do not include a confession of judgment, (iii) do not include any prepayment or double dipping fees, and (iv) do not include upfront fees or charges paid by the small business, excluding fees to the program, that exceed 2 percent for loans greater than \$25,000 or \$500 for loans under \$25,000;

(v) The Loan and the Loan Documents comply with the Loan Purpose Requirements and Restrictions as detailed in the Guidelines, the CSP Rules, and as provided in any applicable SSBCI statutes, rules and regulations;

(vi) Lender has obtained all assurances and certifications from Borrower as required under this Agreement, the CSP Rules, the Guidelines, and the SSBCI statutes, rules and regulations and after reasonable inquiry by Lender, Lender confirms that it has no substantial reason to believe that such assurances, representations and warranties from the Borrower are not true; and

(vii) LEDC and/or the Louisiana Department of Economic Development may make, create, or issue from time-to-time guidelines or rules interpreting, construing, explaining and/or supplementing the CSP Rules and may revise, supplement, or otherwise change or modify the CSP Rules and applicable guidelines at any time with or without notice and Lender represents, warrants, agrees and acknowledges its ongoing and continuing obligations as a result.

Section 4.2. Lender's Indemnification and Hold Harmless.

(a) Should Lender not comply with any term or condition or provision of (i) this Agreement, (ii) the SSBCI statutes, rules and regulations, and (iii) the guidance and Guidelines issued by Treasury (as all may be amended or modified from time to time), or should any Borrower or third-party assert a claim against the State of Louisiana, LED, LEDC, or any Indemnified Persons (as that term is defined below) in connection with an Enrolled Loan and/or Lender's participation in the CSP, Lender agrees that the State, LED and/or LEDC, including any commissioners, directors, participants, officers, agents and employees (collectively, the "**Indemnified Person(s)**") shall not be liable to for any reason arising out of or related in any way to the SSBCI funding, support, loan, the loan documents or this Agreement.

(b) Lender agrees to indemnify and hold the State, LED, LEDC, and other Indemnified Persons harmless against all claims asserted by or on behalf of any individual person, firm or entity (other than an Indemnified Person), arising or resulting from, or in any way connected with the SSBCI funding, support, loan, the Loan Documents (or the contents therein) or this Agreement, or any other agreements, any act or failure to act by Participating Lender, including all liabilities, costs and expenses, including reasonable counsel fees, incurred in any action or proceeding brought by reason of any such claim. Lender shall also indemnify LEDC, LED, State, and other Indemnified Persons from and against all costs and expenses, including reasonable counsel fees, lawfully incurred in enforcing any obligation arising from or under or in connection with the SSBCI Funding, support, loan, the loan documents and/or this Agreement.

(c) Lender shall have no obligation to indemnify an Indemnified Person under this Section if the Court with competent jurisdiction finds that the liability in question was solely caused by the willful misconduct or gross negligence of LEDC, or other Indemnified Person, unless the Court finds that despite the adjudication of liability, LEDC or other Indemnified Person is fairly and reasonably entitled to indemnity for the expenses the Court considers proper. LEDC and Participating Lender agree to act cooperatively in the defense of any action brought against LEDC, or another Indemnified Person to the greatest extent possible.

The indemnification provided in this Section shall survive the payment in full of any Enrolled Loan, the termination of this Agreement by LEDC or Lender pursuant to any provision in this Agreement, the withdrawal of Lender in the CSP, and/or the conclusion of the SSBCI administrative term.

ARTICLE V MISCELLANEOUS

Section 5.1. Confidentiality.

(a) Confidential information in the files of the Corporation and its accounts acquired in the course of its duty is to be used solely for the Corporation. The Corporation is not obliged to give out any credit rating or confidential information regarding the applicant/borrower. (See Louisiana Attorney General's Opinion #82-860.).

(b) Except as may be required by law based on LEDC's reasonable interpretation of such law or statute, including the Louisiana Public Records Law (or applicable federal laws), LEDC will endeavor to maintain the confidentiality of all information furnished to it (or its designee) hereunder or in connection with any document relative to an Enrolled Loan, except that LEDC will have no obligation of confidentiality with respect to information that may be generally available to the public, or becomes generally available to the public through no fault of LEDC. The sharing of information with or providing of information to another agency or authority of the State of Louisiana by the LEDC (or its designee) shall not be deemed to violate this undertaking, provided that such agency or authority shall remain bound by the confidentiality provisions contained herein. LEDC shall be authorized to publicize information regarding all Enrolled Loans, including, without limitation, information related to the name of the Borrower, the name of Lender and the amount of the Enrolled Loan. Notwithstanding anything set forth herein to the contrary, LEDC shall be authorized to share with the Treasury any information or

any document related to Louisiana SSBCI Programs or any Enrolled Loan thereunder, upon the request of or as otherwise required by the Treasury

Section 5.2. Public Records Law. Information submitted to LEDC with the Enrollment Application representing applicant's business plan, financial position, financial projections, personal financial statements and background checks will be kept confidential to the extent allowed under the Public Records Law, R.S. 44:1 et seq. Confidential information in the files of LEDC and its accounts acquired in the course of duty will be used solely by and for LEDC.

Section 5.3. Conflict of Interest. No member of the corporation, employee thereof, or employee of LEDC and/or the Department of Economic Development, or members of their immediate families shall either directly or indirectly be a party to or be in any manner interested in any contract or agreement with the corporation for any matter, cause, or thing whatsoever by reason whereof any liability or indebtedness shall in any way be created against such corporation. If any contract or agreement shall be made in violation of the provisions of this Section, the same shall be null and void, and no action shall be maintained thereon against the corporation.

Section 5.4. Amendments of Agreement. LEDC may, with at least thirty (30) days prior written notice to the Lender, amend in writing any provision of this Agreement as and to the extent needed to comply (as reasonably determined by LEDC) with any and all requirements of Treasury relating to the Allocated Funds. However, in the absence of the consent of the Lender, no such amendment shall be applicable to loans made prior to the effective date of the amendment.

Section 5.5. Information to LEDC. The Lender shall promptly provide LEDC with such additional information regarding its participation and activities in the Louisiana SSBCI Programs, including the Micro Lending Program, as LEDC or Treasury may from time to time reasonably require.

Section 5.6. Records Retention and Inspection of Files. Lender agrees to maintain, for a minimum of the greater of (a) ten (10) years after the repayment, repurchase or other termination of each Enrolled Loan or (b) three (3) years after the termination of Treasury's SSBCI reporting requirements, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with each Enrolled Loan and Loan Documents or otherwise derived from Allocated Funds (including program-related principal, interest and fees). Lender agrees that all books, records, and supporting documents related to each Enrolled Loan and the Loan Documents shall be available for review and audit by the State Auditor and the State of Louisiana Attorney General, LEDC staff and agrees to cooperate fully with any audit and to provide full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this Section shall establish a presumption in favor of the LEDC for the recovery of any amounts paid by the LEDC pursuant to all Enrolled Loans for which adequate books, records, and supporting documentation are not available to support their purported disbursement. The Lender further agrees that it will make available to the Treasury Inspector General all books and records related to the use of the Allocated Funds, subject to the Right to Financial Privacy Act (12 U.S.C. § 3401 et seq.), including detailed loan records, as applicable.

Section 5.7. Compliance with Applicable Law. Lender and LEDC shall comply with all applicable State, federal, and local laws, rules and regulations, as and to the extent applicable.

Lender agrees and shall comply with, and obtain Borrower assurances of their compliance of, the SSBCI statutes (as amended or replaced from time to time), the Guidelines issued by Treasury, any SSBCI regulations, guidance and other requirements as in effect from time to time, the terms and conditions of this Agreement.

Section 5.8. Limitation of Rights. This Agreement shall be for the exclusive benefit of Lender and LEDC, and shall not be construed to give any person other than the parties hereto any legal or equitable right, remedy or claim under or in respect to this Agreement, other than as expressly set forth herein.

Section 5.9. Severability. If any clause, provision or section of this Agreement is held illegal or invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

Section 5.10. Assignment. Lender may not assign or transfer any interest in this Agreement without the prior written consent of LEDC and subject to the terms and conditions of this Agreement, the Guidelines, and applicable rules and regulations under the CSP and SSBCI.

Section 5.11. Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given when delivered: by e-mail or by facsimile upon confirmation of actual receipt as expressly confirmed by the recipient; or by U.S. mail service, by messenger, by professional courier service, by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

(a) **If to LEDC:**

Louisiana Economic Development Corporation
c/o Louisiana Economic Development
Attention: SSBCI Program Manager
617 North Third Street
Baton Rouge, LA 70802
Facsimile: (225) 342-5341
Email: _____

(b) **If to Lender:**

Facsimile: _____
Email: _____

Section 5.12. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

Section 5.13. No Personal Liability. No member, officer, elected or appointed official or employee of LEDC, the State of Louisiana, including any person executing this Agreement, shall be liable personally under this Agreement or subject to any personal liability for any reason relating to the execution of this Agreement or the Louisiana SSBCI Program; provided, however, that nothing in this Section shall be construed nor is it intended to be a waiver of any rights or remedies LEDC, the State, shall have for any actual actions or omissions to act hereunder by Lender.

Section 5.14. Captions. The captions in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 5.15. No Partnership. Neither this Agreement nor any part or provision hereof, nor the exercise by LEDC of any of its respective rights or remedies hereunder, shall evidence or establish, be construed as evidencing or establishing, any partnership, joint venture, or similar relationship of and between LEDC and Lender.

Section 5.16. Interpretation Jurisdiction, and Venue. This Agreement is a Louisiana contract, and shall be interpreted, governed by and construed in accordance with and under the laws of the State of Louisiana; and the Court of exclusive jurisdiction and venue shall be the 19th Judicial District Court in East Baton Rouge Parish, Louisiana. All parties hereby expressly consent and submit themselves to the exclusive jurisdiction and venue of said Court, and the Louisiana Appellate Courts having jurisdiction over such trial Court, and hereby waive any and all objections based on lack of personal jurisdiction, improper venue and inconvenient forum.

Section 5.17. Limitation of Rights. This Agreement shall be for the exclusive benefit of Lender and LEDC, and shall not be construed to give any person other than the parties hereto any legal or equitable right, remedy or claim under or in respect to this Agreement. Neither this Agreement nor any part or provision hereof, nor the exercise by LEDC of any of its respective rights or remedies hereunder, shall evidence or establish, be construed as evidencing or establishing, any partnership, joint venture, or similar relationship of and between LEDC and Lender. In addition, no third-party beneficiary exists or has been considered in the negotiation and/or execution of this Agreement.

Section 5.18. Ambiguous Terms. Any rule of construction of contracts that provides that ambiguous terms are construed against the drafter of the contract are not applicable to this Agreement or any amendment to this Agreement.

Section 5.19. Counterparts: Facsimile/Electronic Signatures. This Agreement and any amendments hereto may be signed in counterparts and in facsimile or electronic signatures delivered by facsimile or by electronic transmission, and in any such circumstances, shall be considered one document and an original satisfactory for all purposes.

Section 5.20. Entire Agreement. This Agreement, executed between the Parties, constitutes the entire understanding and agreement between the Parties.

[Signature Pages Follow]

THUS DONE AND PASSED in the Parish of East Baton Rouge, State of Louisiana, on the _____ day of _____, _____.

LEDC:

Louisiana Economic Development Corporation

By: _____
Name: _____
Title: _____

DRAFT

THUS DONE AND PASSED in the Parish of _____, State of Louisiana,
on the ____ day of _____,

LENDER:

By: _____
Name: _____
Title: _____

DRAFT

EXHIBIT LIST:

Exhibit A: Claim Form

ANNEX LIST:

Annex A: Allocation Agreement

Annex B: Capital Program Reporting Guidance – Reporting Requirements

Annex C: Capital Program Policy Guidelines

Annex D: CSP Rules

DRAFT



Collateral Support Program (CSP)

Title 19: CSP Rules

F. Prior to the disbursement of funds, the secretary-treasurer of LEDC and any one of the following: either the chairman of the board, the president, or the president's designee, shall execute all necessary legal instruments after certification that all appropriate legal requirements have been met.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1489 (June 2022).

§8913. Reporting

A. Upon closing of each investment, each venture capital fund that is the recipient of LEDC funds shall provide to LEDC the following information:

1. name of company, census tract, NAICS code, amount of investment, total amount of round of funding, and date of investment;
2. the number of jobs with corresponding salaries, new and retained;
3. narrative of business, use of funds, board presentation;
4. prior and post investment of private capital; and
5. assurances and certifications in accordance to U.S. Treasury guidelines.

B. Each year, on the anniversary date of the initial disbursement of funds, or on such date as may be authorized by LEDC, each venture capital fund that is the recipient of LEDC funds shall provide to LEDC the following information:

1. a list of all investors in the fund, including the amounts of each investment and the nature of each investment;
2. a statement of the financial condition of the fund including, but not limited to, a balance sheet, a profit and loss statement, and a statement showing changes in the fund's financial condition;
3. a current reconciliation of the fund's net worth; and
4. an annual audited financial statement prepared by a certified public accountant (prepared within 120 days of the end of the fund's fiscal year).

C. Investment funds must submit assurances and certifications in accordance to U.S. Treasury guidelines on each investment prior to closing.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1490 (June 2022).

§8915. Conflict of Interest

A. No member of the corporation, employee thereof, or employee of the Department of Economic Development, or members of their immediate families shall either directly or indirectly be a party to or be in any manner interested in any contract or agreement with the corporation for any matter, cause, or thing whatsoever by reason whereof any liability or indebtedness shall in any way be created against such corporation. If any contract or agreement shall be made in violation of the provisions of this Section, the same shall be null and void, and no action shall be maintained thereon against the corporation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1490 (June 2022).

Subpart 13. Collateral Support Program

Chapter 91. SSBCI Collateral Support Program ARPA 2021

§9101. Purpose

A. The Louisiana Economic Development Corporation (LEDC or Corporation) wishes to stimulate the flow of private capital, including short, medium and long-term loans, lines of credit loans, and other related financial assistance for the sound financing of the development, expansion, and retention of small business concerns in Louisiana, as a means of helping them grow and expand their businesses and of providing higher levels of employment, income growth, and expanded economic opportunities, especially to small businesses owned by socially and economically disadvantaged individuals (SEDI).

B. Through The American Rescue Plan Act of 2021, which reauthorized the State Small Business Credit Initiative (SSBCI), the U.S. Congress has appropriated funds to be allocated and disbursed to the states that have created programs to increase the amount of capital made available by private lenders to small businesses, and the State of Louisiana has been approved to receive and disburse SSBCI funds within the SSBCI Program. The Louisiana Department of Economic Development (LED), which will be working with and through the LEDC, has been designated to provide services for the SSBCI, including the collateral support program (CSP), which by a master lender CSP participation agreement previously entered into, and a LEDC CSP loan and deposit agreement, each between LEDC and the lender, will provide for the LEDC to place a cash deposit with the lender to make additional capital available for a portion of the loan, and to serve as cash collateral for a portion of the loan. The Louisiana Economic Development Corporation (LEDC), working with LED, will utilize SSBCI funds to increase access to credit and capital funding to further assist

small businesses statewide, to expand loan capabilities to a broader range of businesses statewide, to direct a greater concentration on those small businesses, and to reach, identify and promote small business growth in low and moderate income communities, in minority communities, in other underserved communities, and to small businesses owned by socially and economically disadvantaged individuals across our state.

C. The CSP establishes pledged cash collateral accounts with participating lenders to enhance loan collateral for qualified small business borrowers exhibiting a shortfall in collateral and who would not otherwise be able to obtain financing on acceptable terms and conditions. Collateral deposits are established on an individual loan basis and are available to cover loan losses in the event of default by the borrower. Upon loan maturity and repayment, deposits are returned to LEDC for recycling to other qualified small business borrowers.

D. Interested small businesses will be referred to participating lenders for loan and collateral support deposit qualification purposes. Participating lenders will apply to LEDC for collateral support deposits on behalf of their qualified small business borrowers. Participating lenders are responsible for their own credit underwriting decisions and originating the loans. LEDC's responsibilities are: to ensure compliance with CSP requirements; to establish and manage collateral support accounts; to promote and market the CSP through outreach activities to inform lenders, small businesses and trade associations of the Program; to generate increased small business activity, awareness and access to additional sources of capital to start and expand existing business opportunities, as well as participation in the Program; and to report to the U.S. Treasury.

E. In considering approval or acceptance of the loans presented to LEDC through lenders having previously agreed to participate in the Collateral Support Program (CSP), the corporation will consider sound business purpose loans and lines of credit, so long as SSBCI resources permit. The board of directors of the corporation recognizes that collateralizing loans and lines of credit carries certain risks and is willing to undertake reasonable exposure.

F. LEDC will monitor the program, including the repayment progress of borrowers, as well as the servicing performance of participating lenders, in order to ensure successful outcomes in the form of program utilization and eventual securing of funds for these groups.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1460 (June 2022, LR 48:1905 (July 2022)).

§9103. Definitions

A. Terms not otherwise defined in this Chapter shall have the same meaning given to them in prevailing federal guidelines issued by the U.S. Treasury, unless the context clearly requires otherwise.

B. In this Chapter, the following terms shall have the meanings provided herein, unless the context clearly indicates otherwise.

Accepted Loan—a loan accepted by LEDC as eligible under the collateral support program (CSP).

Affiliate of the Borrower—any person or entity directly or indirectly controlled by the borrower or directly or indirectly controlling the borrower or under common control with the borrower. For purposes of this definition, a person controls another person if such person directly or indirectly, or acting through or in concert with one or more persons:

a. owns, controls, or has the power to vote twenty percent (20 percent) or more of any class of voting securities or interests of the other person;

b. controls in any manner the election or appointment of a majority of the directors or management of the other person; or

c. has the power to exercise a controlling influence over the management or policies of the other person.

Affiliate of the Lender—any person or entity directly or indirectly controlled by the lender or directly or indirectly controlling the lender or under common control with the lender. For purposes of this definition, a person controls another person if such person directly or indirectly, or acting through or in concert with one or more persons:

a. owns, controls, or has the power to vote 20 percent or more of any class of voting securities or interests of the other person;

b. controls in any manner the election or appointment of a majority of the directors or management of the person; or

c. has the power to exercise a controlling influence over the management or policies of the other person.

Board—the Board of Directors of Louisiana Economic Development Corporation (LEDC).

Borrower—an eligible borrower which is the recipient of a loan which is, has been, or will be registered by the lender under the CSP for collateral support through a collateral deposit account.

Business Day—any day other than a Saturday, Sunday, or any other day on which commercial banks in Louisiana are required or authorized to be closed.

CDFI-Community Development Financial Institution—has the meaning given that term under section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994.

CDFI Investment Area—as defined by Treasury for the SSBCI Program, are generally low-income, high-poverty geographies that receive neither sufficient access to capital nor support for the needs of small businesses, including minority-owned businesses.

Collateral Deposit Account—the interest bearing account or certificate of deposit opened with lender in the name of LEDC pledged as collateral for an accepted eligible loan.

Corporation—the Louisiana Economic Development Corporation (LEDC).

CSP—the Collateral Support Program.

CSP Application— program application for the collateral support request where the lender and borrower each sign and agree to abide by the assurances and certifications as required by the U.S. Treasury.

CSP Collateral Analysis Form—form completed by the lender evaluating the borrower's collateral value position.

CSP Claim Form—form completed by the lender to LEDC in the event of a default and subsequent loan loss.

Default—delinquent in making payment, when due, of any installment of principal or interest on any note, for a period of more than 90 days.

Eligible Borrower—a Louisiana business enterprise which meets all requirements of federal law and the CSP.

Eligible Loan—a loan (or a line of credit) that meets the criteria for an eligible loan under the CSP in effect at the time the loan is registered and for which each of the assurances, representations and warranties set forth in the CSP is true and correct.

Enrolled Loan—a loan (or a line of credit loan) which has been approved for acceptance in the CSP and in which the loan instruments have been fully executed.

Financial Institution—also referred to herein as a *Bank*, *Financial Lending Institution*, *Lending Institution*, *Commercial Lending Entity*, or *Lender*—includes any insured depository institution, insured credit union, or community development financial institution, as those terms are defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

LED—the Louisiana Department of Economic Development (LED).

LEDC—the Louisiana Economic Development Corporation (LEDC).

LEDC CSP Loan and Deposit Agreement—the loan and deposit agreement (“deposit agreement”), to be executed by LEDC and the lender, for the deposit of cash collateral by LEDC with the lender, as security for a portion of the loan accepted under this program.

Lender—an insured depository institution, insured credit union, or community development financial institution, as those terms are each defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702) which is experienced in the making of loans to businesses of the type provided for under the CSP, has an office and business operations in the State of Louisiana, and is regulated by the Office of the Comptroller

of the Currency (including by merger, the Office of Thrift Supervision), the Federal Reserve Board, the Louisiana Department of Finance or similar regulatory agency. All participating lenders must execute a lender Participation Agreement with LEDC; and is the entity that will make or originate the accepted eligible loan with the eligible borrower under this program.

Lender Insider—an executive officer, director, or principal shareholder of the lender, or a member of the immediate family of an executive officer, director or principal shareholder of the lender, or a related interest of such executive officer, director, principal shareholder or member of the immediate family. For the purposes of this provision, the terms *executive officer*, *director*, *principal shareholder*, *immediate family*, and *related interest* shall have the respective meaning ascribed thereto in Federal Reserve Act Sections 22(g) and (h), Federal Reserve Board Regulation O and applicable Office of the Comptroller of the Currency or Office of Thrift Supervision.

Loan—any temporary advance or provision of money to an eligible borrower by the participating lender for a business purpose, usually for a limited term and requiring the payment of interest along with the repayment of the loaned funds under the CSP, that is evidenced by a promissory note that obligates the borrower to repay the advance. When used herein, the word loan includes a line of credit loan.

Loss—any principal amount due and not paid at a time the lender determines in a manner consistent with its normal method and timetable for making such determinations that a qualified loan is uncollectible and is to be charged off as a loss. The amount included in the loss shall not exceed the unpaid principal balance of the enrolled loan.

Master Lender CSP Participation Agreement—agreement between lender and LEDC accepting the lender as an approved CSP participating lender whereby the Participating lender agrees to program assurances and certifications as required by the U.S. Treasury.

Net Proceeds of the Loan—the gross loan amount less costs incurred in issuing the loan which are paid by the borrower out of the gross loan amount.

Participating Lender—a financial institution that has executed an agreement with the Louisiana Economic Development Corporation (LEDC) to participate in the program.

Program—the collateral support program.

Small and Emerging Business—a Louisiana business certified as a Small and Emerging Business (SEB) by the Louisiana Department of Economic Development's Small Business Services.

Small Business Concern—for purposes of size eligibility for this program will be limited to businesses with 100 employees or less.

Socially and Economically Disadvantaged Individual (SEDI) Owned Business—

a. business enterprises that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their:

- i. membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society;
- ii. gender;
- iii. veteran status;
- iv. limited English proficiency;
- v. physical handicap;
- vi. long-term residence in an environment isolated from the mainstream of American society;
- vii. membership of a federally or state-recognized Indian tribe;
- viii. long-term residence in a rural community;
- ix. residence in a U.S. Territory;
- x. residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or
- xi. membership of another *underserved community* as defined in Executive Order 13985;

b. business enterprises that certify that they are owned and controlled by individuals where residences are in CDFI investment Areas, as defined by Treasury for the SSBCI Program;

c. business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined by treasury for the SSBCI Program; or

d. business enterprises that are located in CDFI investment areas, as defined by the U.S. Treasury for the SSBCI Program.

Very Small Business—a business with fewer than 10 employees; may include independent contractors and sole proprietors.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1461 (June 2022, LR 48:1906 (July 2022)).

§9105. Application Process

A. Any applicant/borrower(s) applying for either a loan or a line of credit will be required first to contact a CSP participating financial lending entity that is willing to entertain, originate, process and service such a loan or line of credit with the prospect of an LEDC cash collateral deposit, and the participating lender will then contact LEDC for qualification and shall submit a complete application to

LEDC for its review, approval and acceptance. The financial lender shall also submit to LEDC the lender's assurances, certifications, representations and warranties, and shall be responsible for obtaining and submitting to LEDC assurances of eligibility, including certifications, representations and warranties from each borrower, all as required by the American Rescue Plan Act of 2021 and the SSBCI.

B. Information submitted to LEDC with the application representing the applicant/borrower's business plan, financial position, financial projections, personal financial statements and background checks will be kept confidential to the extent allowed under the Louisiana Public Records Law, R.S. 44:1 et seq. Confidential information in the files of LEDC and its accounts acquired in the course of its duty will be used solely by and for LEDC.

C. The following CSP submission and review policies shall be followed.

1. The participating lender is expected to use its best efforts to provide small Louisiana businesses, SEDI, with the maximum practicable opportunity to participate in the CSP.

2. The participating lender shall request approval from LEDC to become an approved participating lender under the CSP by executing a master lender participation agreement.

3. The borrower's completed Louisiana Economic Development Corporation CSP loan packet must be submitted by the lender to LEDC to include:

a. borrowers completed CSP application and related information and materials.

b. small and emerging businesses (SEBs) applying for assistance under the program will have to submit a copy of the certification from the Louisiana Department of Economic Development's Small Business Services, along with the request for financial assistance.

c. businesses applying for consideration as a SEDI owned business will have to self-certify under conditions in Subparagraph a-c as noted above in §9103 under SEDI-owned business definition.

d. the participating lender shall submit to LEDC its complete analysis and evaluation, proposed loan structure, and commitment letter to the borrower. LEDC staff may do its own review and evaluation of the application packet. The participating lender shall submit to LEDC the same pertinent data that it submitted to the lending institution's loan committee, whatever pertinent data the lending institution can legally supply.

e. lender's and borrower's signed assurances and certifications as required by the U.S. Treasury.

4. LEDC staff will review the application and analysis, and then approve and accept or disapprove and reject the application, if the dollar amount of the loan is within the staff's board approved authority, or make recommendations to the board committees and to the board for approval and acceptance or disapproval and rejection.

5. The LEDC's board of directors, or the board's designated committee, will review only the completed applications and related materials submitted by LEDC staff and may approve and accept or disapprove and reject applications for approval or acceptance or the designated board committee may simply make recommendations to the LEDC board for its decision.

6. The applicant/borrower(s) or their designated representative(s), and the loan officer or a representative of the lender shall be required to attend the LEDC's board of directors meeting wherein the application will be considered by the board; but shall not be required to attend meetings of the LEDC Staff or the designated board committee, unless the LEDC requests their presence.

7. LEDC's board of directors, or the board's designated committee that has considered the application has the final approval and acceptance or disapproval and rejection authority for such applications; except for those loans which shall be within the staff's authority to approve or disapprove, as established by the LEDC board, the staff shall have the final approval and acceptance or disapproval and rejection authority, unless the board overrules the staff's decision.

8. The lender will be notified within three to five business days by mail or e-mail of the outcome of the application process.

9. Funds approved for each CSP application will have a reservation period of 90 calendar days from the approval date.

a. If an approved CSP loan does not close within 90 calendar days from the final LEDC approval date, the reservation period will expire and funds will be released to the general program fund to be used for other CSP requests, unless an extension has been approved by LEDC board or its designated committee, or LEDC staff.

b. Once a reservation period has expired, a lender will need to re-apply and start the application and review process over with a new or up-dated application.

D. The following CSP Loan Closing Policies shall be followed by the lender.

1. An LEDC CSP Loan and Deposit Agreement, including LEDC's terms, and any stipulations or requirements, will be mailed or e-mailed by LEDC staff to the lender for review within five business days of approval and acceptance by either LEDC Staff, LEDC's board of directors, or the board's designated committee.

2. Lender shall notify LEDC of its loan closing five business days prior to the closing date.

3. LEDC will open and pledge an interest bearing collateral deposit account (a certificate of deposit) with the lender in LEDC's name, as follows:

a. the cash collateral deposit provided to the lender will be funded in two phases; 50 percent of the approved collateral deposit support will be funded at the time of the

loan closing (within two business days) and the remaining approved collateral deposit support will be deposited within 30 calendar days after LEDC is notified by lender in writing of a default against the lender's loan and a request for the additional funding.

4. At the loan closing, lender will execute the LEDC CSP loan and deposit agreement, and will return the signed original to LEDC with the loan documents.

5. Immediately following the loan closing the lender will furnish to LEDC copies of all fully executed loan documents.

E. Loan Purpose Requirements and Prohibitions. In addition to the application process provisions provided above, and in connection with each and any loan (including a line of credit loan) that the participating lender requests be approved and accepted by LEDC to be enrolled under this program, the lender shall also be responsible for obtaining and providing LEDC with the lender's application assurances and certifications as well as application assurances and certifications from each applicant/borrower stating that the loan proceeds shall not be used for any impermissible purpose under the SSBCI program, and the loan proceeds shall be used for an *eligible business purpose*, as that term is defined in §9107.A hereinafter; and additionally:

1. The loan proceeds shall be used for a business purpose. A business purpose includes, but is not limited to, start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. The definition of business purpose excludes activities that relate to acquiring or holding passive investments such as commercial real estate ownership, the purchase of securities; and lobbying activities as defined in section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.

2. The loan proceeds will not be used to:

a. repay any delinquent federal or state income taxes unless the borrower has a payment plan in place with the relevant taxing authority; or

b. repay taxes held in trust or escrow, e.g. payroll or sales taxes; or

c. reimburse funds owed to any owner, including any equity injection or injection of capital for the business' continuance; or

d. to purchase any portion of the ownership interest of any owner of the business.

3. The borrower is not:

a. an executive officer, director, or principal shareholder of the financial institution lender; or

b. a member of the immediate family of an executive officer, director, or principal shareholder of the financial institution lender; or

c. a related interest of any such executive officer, director, principal shareholder, or member of the immediate family.

NOTE: For the purposes of these three borrower restrictions, the terms *executive officer*, *director*, *principal shareholder*, *immediate family*, and *related interest* refer to the same relationship to a financial institution lender as the relationship described in part 215 of title 12 of the Code of Federal Regulations, or any successor to such part.

4. The borrower is not:

a. a business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil, investments in stock market, and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business; or

NOTE: Permissible borrowers include state-designated charitable, religious, or other non-profit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and faith-based organizations provided the loan is for a business purpose as defined above.

b. a business that earns more than half of its annual net revenue from lending activities; unless the business is a non-bank or non-bank holding company certified as a community development financial institution; or

c. a business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or

d. a business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); this category of business includes direct and indirect marijuana businesses, as defined in SBA Standard Operating Procedures 50 10 6; or

e. a business engaged in gambling enterprises, unless the business earns less than 33 percent of its annual net revenue from lottery sales.

5. No principal of the borrowing entity has been convicted of a sex offense against a minor (as such terms are defined in §111 of the Sex Offender Registration and Notification Act (42 U.S.C. 16911)). For the purposes of this certification, *principal* is defined as if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds a 20 percent or more ownership interest in the partnership; and if a corporation, limited liability company, association or a development company, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.”

6. The corporation shall not knowingly approve any CSP request if the applicant/borrower has presently pending,

at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit or any legal proceeding involving a criminal violation other than misdemeanor traffic violations. Nor should they approve any CSP request if the applicant/borrower or his/her/its principle management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant/borrower or his/hers/its principle management has not been reinstated into society.

F. The financial institution lender must also provide to LEDC with the application, in connection with each loan to be enrolled under this Chapter 91 Program, and assurances affirming:

1. the loan has not been made in order to place under the protection of the approved state Capital Access Program (CAP) prior debt that is not covered under the approved state CAP and that is or was owed by the borrower to the financial institution lender or to an affiliate of the financial institution lender;

2. the loan is not a refinancing of a loan previously made to that borrower by the financial institution lender or an affiliate of the financial institution lender;

3. no principal of the financial institution lender has been convicted of a sex offense against a minor (as such terms are defined in §111 of the Sex Offender Registration and Notification Act (42 U.S.C. 16911)). For the purposes of this certification, *principal* is defined as if a sole proprietorship, the proprietor; if a partnership, each partner; if a corporation, limited liability company, association or a development company, each director, each of the five most highly compensated executives, officers, or employees of the entity, and each direct or indirect holder of 20 percent or more of the ownership stock or stock equivalent of the entity.

4. The borrower business structure either is a sole proprietor qualified to do and doing business in Louisiana, or is a for-profit corporation, partnership, limited liability company, limited liability partnership, joint venture, cooperative, non-profit entity with an eligible business purpose as defined above or other entity which is registered and authorized to conduct business in the state of Louisiana.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1462 (June 2022, LR 48:1908 (July 2022)).

§9107. Eligibility/Ineligibility for Participation in this Program

A. This program is for loans (including lines of credit) for an eligible business purpose, having a principal amount of \$1,000,000 or less, to eligible borrowers doing business in Louisiana having 100 employees or less at the time the loan is enrolled in this program. An *eligible business purpose* includes but is not limited to: start-up costs; working capital; business procurement; franchise fees; and acquisition of

equipment, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. The definition of *eligible business purpose* excludes activities that relate to acquiring or holding passive investments such as commercial real estate ownership for investment or leasing; the purchase of securities; and lobbying activities as defined in Section 3 (7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.

B. The loan should be a new extension of credit to the borrower, and shall not be used to support existing extensions of credit, including but not limited to prior loans, lines of credit, or other borrowings that were previously made available as a part of a state small business credit enhancement program; no portion of the loan shall be used for any guaranteed or unguaranteed portion of a Small Business Administration (SBA) guaranteed loan or any other federal loan without prior written consent of the U.S. Treasury; and SBA guaranteed loans shall not be purchased through this program.

C. In connection with the business purpose for the requested loan the applicant/borrower(s) shall create or retain in this State at least one new permanent full-time job.

D. The following businesses shall be eligible for participation in this program, except for those ineligible businesses and purposes hereinafter shown:

1. small business concerns organized as a sole proprietorship qualified to do and doing business in Louisiana, or either a for profit corporation, partnership, limited liability company, limited liability partnership, joint venture, cooperative, non-profit entity with an eligible business purpose as defined above, or other entity which is registered and authorized to conduct business in the state of Louisiana that maintain an office in Louisiana;

2. small and emerging businesses (SEBs) certified by LED's small business services that maintain an office in Louisiana;

3. small businesses owned by socially and economically disadvantaged individuals (SEDI);

4. funding requests for any eligible business purpose may be considered, except for the following ineligible businesses or purposes:

a. restaurants (except for regional or national franchises), grills, cafes, fast food operations, motorized vehicle, trailer, curb-side, sidewalk or street venter food operations, and any other business or project established for the principal purpose of dispensing cooked food for consumption on or off the premises that have been in business less than two years;

b. bars, saloons, daiquiri shops, operations for the sale of alcoholic popsicles and other alcoholic food items, packaged liquor stores, including any other business or

project established for the principal purpose of dispensing, packaging, or distributing alcoholic beverages;

c. any business or establishment which has gaming or gambling as its principal business;

d. any business or establishment which has consumer or commercial financing or lending activities as its business;

e. any business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants;

f. any business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as stock market investments, dealing in commodities futures, wildcatting for oil, and other speculative activities;

g. any business engaged in activities that are prohibited by applicable federal, state or local law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of products that are to be used in connection with any illegal activity, such as but not limited to selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); this category of business includes direct and indirect marijuana businesses, as defined by SBA Standard Operating Procedures 50 10 6; or

h. funding for the acquisition, renovation, or alteration of a building or property for the principal purpose of real estate speculation, rental, or any other passive real estate investment purposes;

i. funding for the purpose of establishing a park, theme park, amusement park, or camping facility;

j. funding for the principal purpose of refinancing existing debt; a refinancing of a loan previously made to the borrower by the lender or an affiliate of the lender; or a loan made in order to place under the CSP prior debt that is not covered under the CSP and that is or was owed by the borrower to the lender or to an affiliate of the lender;

k. funding for the purpose of buying out any stockholder or equity holder by another stockholder or equity holder in a business; for the purpose of purchasing any portion of the ownership interest of any owner of a business; or for buying out any family member or reimbursing any family member;

l. funding for the purpose of reimbursing funds owed to any owner, including any equity injection or injection of capital for the business's continuance;

m. funding for paying any person to influence or attempt to influence any agency, elected official, officer or employee of a state or local government in connection with lobbying activities, the making, award, extension, continuation, renewal, amendment, or modification of any state or local government contract, grant, loan or cooperative agreement as such terms are defined in 31 U.S.C. §1352;

n. funding for paying any costs incurred in connection with:

i. any defense against any claim or appeal of the United States Government, any agency or instrumentality thereof (including the U.S. Department of Treasury), against the state of Louisiana, or

ii. any prosecution of any claim or appeal against the United States Government, any agency or instrumentality thereof (including the U.S. Department of Treasury), which the state of Louisiana instituted or in which the state of Louisiana has joined as a claimant;

o. funding to be used to pay any delinquent federal or state income taxes, as well as any taxes held in trust or escrow, such as payroll taxes or sales taxes.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1465 (June 2022, LR 48:1910 (July 2022)).

§9109. General Lender Provisions

A. The Louisiana Economic Development Corporation will be guided by the following general principles in approving or accepting loans or lines of credit under this program.

1. The corporation shall confirm that the financial institution lender has sufficient commercial lending experience and financial and managerial capacity to participate in this program. The corporation may utilize, among other resources, the lender's most recent call report or audited financial statement showing the percentage of commercial loans in its portfolio.

2. The corporation shall not knowingly approve any loan (or line of credit loan) if the applicant/borrower has presently pending or outstanding any claim or liability relating to failure or inability to pay promissory notes or other evidence of indebtedness, state or federal taxes, or a bankruptcy proceeding; nor shall the corporation approve any loan if the applicant/borrower has presently pending, at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit or any legal proceeding involving a criminal violation other than misdemeanor traffic violations. Further, the corporation shall not approve any loan if the applicant/borrower or his/her/its principle management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant/borrower or his/her/its principle management has not been reinstated into society.

3. The terms or conditions imposed and made part of any loan (or line of credit) authorized by vote of the corporation's board, or its designated board committee, or LEDC staff shall not be amended or altered by any member of the board or employee of the LEDC or the Department of Economic Development except by subsequent vote of approval by the board, or designated board committee at the

next meeting of the board or committee in open session with full explanation for such action.

4. Each participating lender shall be required to have a meaningful amount of its own capital resources at risk in each small business loan included in this program. Such lenders shall bear at least 20 percent or more of the loss from a small business loan default. The LEDC accepted loan (including line of credit loan) enrolled into this program shall not be sold, assigned to, or participated with other lenders (within lender's 20 percent risk interest, as described above), or otherwise transferred by lender without the prior written consent of the LEDC board.

5. The corporation shall not subordinate its position to other creditors.

B. **Interest Rates.** On all loans (or lines of credit), the interest rate is to be negotiated between the borrower and the lender, but shall not exceed the National Credit Union Administration's (NCUA) interest rate ceiling for loans made by federal credit unions as described in 12 U.S.C. § 1757(5)(A)(vi)(I) and set by the NCUA board. Further, on all loans and lines of credit, the interest rate shall not exceed the lesser interest rate of either: the National Credit Union Administration (NCUA) interest rate ceiling, that established by the Federal Credit Union Act (FCUA), that established by the Office of the Comptroller of the Currency (OCC), or applicable state legislation that may be enacted.

C. Borrower's Collateral

1. The value of the borrower's collateral shall be determined according to the lender's normal lending criteria and policy. The borrower is required to provide collateral to the loan as the intent of the CSP is to enhance loan collateral for qualified small business borrowers exhibiting a shortfall in collateral as required by the lender and who would not otherwise be able to obtain financing on acceptable terms and conditions.

2. The collateral position may be negotiated, but it shall be no less than a sole second position.

3. Borrower's Collateral Value Determination

a. Lender shall be required to verify the collateral value using commonly accepted collateral coverage standards.

b. The appraiser must be certified by a recognized organization in the area of the collateral.

c. The appraisal shall not be more than 90 days old, except in the instance of real estate which shall not be more than six months old.

4. Acceptable collateral from the borrower may include, but shall not be limited to, the following:

a. fixed assets—business real estate, buildings, fixtures;

b. business equipment, machinery, inventory;

c. accounts receivable with supporting aging schedule; but not to exceed 80 percent of receivable value.

5. Unacceptable borrower collateral may include, but shall not be limited to the following:

- a. stock in applicant/borrower company and/or related companies;
- b. personal items or borrower's primary residence;
- c. intangibles; including but not limited to, digital currency such as cryptocurrency and non-fungible tokens (NFTs);
- d. leasehold improvements.

6. Personal guarantees may be offered and accepted but will not count toward the value of the collateral; if to be used, signed and dated personal financial statements of the guarantors must also be submitted to LEDC.

D. Equity Requirements

1. Equity requirements shall be determined according to the lender's normal credit criteria and policy, but in no case shall the equity position be less than 10 percent.

2. Equity is defined to be:

- a. cash;
- b. paid-in capital;
- c. paid-in surplus and retained earnings; or
- d. partnership capital and retained earnings.

3. No research, development expense nor intangibles of any kind will be considered equity.

E. Limit on the Amount of LEDC's cash collateral deposit. For small business loans or lines of credit under this program, the corporation's loan cash collateral deposit shall be:

1. no greater than 50 percent, and not to exceed \$250,000, of the total principal amount of the loan (or line of credit) for loans or lines of credit amounts equal to or less than \$500,000;

2. no greater than 25 percent, and not to exceed \$250,000, of the total principal amount of the loan (or line of credit) for loans or lines of credit amounts greater than \$500,000, but not to exceed \$1,000,000.

F. Terms

1. Maturity, collateral, and other loan terms shall be negotiated between the borrower and the lender, and the LEDC shall have an opportunity to approve the terms of such loans prior to the closing; but loan term periods with regard to various types of loans shall be limited as follows:

- a. for equipment term loans, term periods may extend for up to and not exceed five years.
- b. for Revolving Lines of Credit (RLOC), term periods may extend for up to and not exceed three years.
- c. for Non-Revolving Lines of Credit (NRLOC), term periods may extend for up to and not exceed two years.

d. for business real estate term loans, term periods may extend for up to and shall not exceed five years.

G. LEDC Program Fees

1. LEDC may charge a \$100 application fee, unless the board of directors, the board's designated committee, or LEDC staff waives the application fee.

2. Depending on the applicant/borrower's equity position in the business, LEDC will charge a collateral deposit program fee of up to 2 percent on the collateralized loan deposit amount, unless the board, the board's designated committee, or LEDC staff waives the collateral deposit program fee.

H. Use of Loan Funds (including Line of Credit Funds)

1. Loan funds shall be used for business purposes, including but not limited to the purchase of fixed assets, including buildings that will be owner occupied to the extent of at least 51 percent by the borrower for its own business purposes.

2. Loan funds may be used for the purchase of business equipment, machinery, or inventory.

3. Loan funds may be used for a line of credit for business accounts receivable or inventory.

4. Debt restructure may be considered by LEDC, but will not be considered when the debt:

- a. exceeds 25 percent of the total loan;
- b. pays off a creditor or creditors who are inadequately secured;
- c. provides funds to pay off a debt to principals of the borrower business; and/or
- d. provides funds to pay off family members.

5. Loan funds may not be used to buy out stockholders or equity holders of any kind, by any other stockholder or equity holder.

6. Loan funds may not be used to purchase any speculative investment or for real estate development.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1466 (June 2022), LR 48:1911 (July 2022).

§9111. General Agreement Provisions

A. Master Lender CSP Participation Agreement

1. The lender shall conduct all of the customer/borrower interaction, and shall be responsible for the proper administration and monitoring of the loan (or line of credit), including monthly invoicing, collections, and loan workouts, and the proper liquidation of the collateral in the event of a default.

2. The lender shall agree to underwrite each loan (including line of credit) using its normal underwriting

criteria and will perform a credit analysis of the borrower for each loan, assuming full responsibility for credit and ongoing security of the loan and will follow prudent industry loan underwriting processes and will determine that the collateral support to be provided under the CSP will be instrumental in order for the lender to make the loan. Lender will also determine that the amount required for deposit to the LEDC's collateral deposit account does not exceed the amount necessary to provide sufficient collateral for the loan.

3. The lender shall be responsible for the preparation of all loan (including line of credit) documents to be used in connection with such loans made and accepted under this program.

4. The lender shall rely solely on the funds deposited with the lender by LEDC in the cash collateral deposit account (the principal amount, but not the accrued interest on the deposit which is not included as a portion of the security for the unpaid principal due on the loan) provided as security for the repayment of the agreed percentage of the principal amount of the unpaid principal balance due on the loan made and accepted under this program. The lender shall indemnify and hold harmless the LEDC, the state of Louisiana, including any commissioners, directors, participants, officers, agents, employees and contractors (collectively, the "Indemnified Person(s)") who shall not be liable to the lender for any reason arising out of or related in any way to the loan, the loan documents or the participation agreement, against all claims, costs and expenses. This Section shall survive the payment in full of the loan, any return or draw upon the cash collateral deposit for the loan, or any termination of the applicable deposit agreement or other loan documents.

5. The LEDC accepted loan (including line of credit) enrolled into this program shall not be sold, assigned, participated with other lenders (within lender's 20 percent risk interest, as provided above in §9109.A.4), or otherwise transferred by lender without the prior written consent of the LEDC board.

6. Loan delinquency will be defined according to the lender's normal lending policy. Notification of delinquency will be made to the corporation in writing by lender submitting a completed, signed and dated CSP banker loan status monthly report within five business days after the end of the month/reporting period as stated in the Master lender CSP participation agreement.

7. If default by borrower continues for more than 90 calendar days in making payment, when due, of any installment of principal or interest on any note, the lender may demand in writing to LEDC to fully fund the deposit account by submitting a completed, signed and dated claim form notifying LEDC of the default reasonably describing the circumstances of the default. LEDC will deposit the remaining cash deposit of 50 percent of the current principal balance within 30 days after LEDC receives the written demand. Once the full collateral support deposit is requested

for the deposit account, the lender may begin their standard collection and liquidation process.

8. All collection efforts, legal and liquidation processes shall be handled by the lender. In all collection efforts, legal and liquidation processes through foreclosure or otherwise, the lender will sell the collateral, handle the legal proceedings and documents, and absorb all expenses associated with these activities. All servicing actions, including collections, shall be the responsibility of the holder who shall follow accepted standards of loan servicing and collection employed by prudent lenders generally.

9. Thereafter, should any funds remain in the deposit account after the withdrawal and application of such funds, the remaining amount on deposit shall be returned by lender to LEDC, plus all interest accrued on the deposit account, which accrued interest on LEDC's deposit account is not included as a portion of the collateral securing the loan.

B. LEDC CSP Loan and Deposit Agreement

1. The LEDC CSP loan and deposit agreement shall provide for the pledge by LEDC of cash collateral to the lender under this collateral support program (CSP). On or about the closing of the loan documents, LEDC shall deposit with the lender cash collateral in an amount not to exceed 50 percent of the principal amount of the loan, and not to exceed a maximum of \$250,000, on loan amounts no greater than \$500,000; or LEDC shall deposit with the lender cash collateral in an amount not to exceed 25 percent of the principal amount of the loan, and not to exceed a maximum of \$250,000, on loan amounts greater than \$500,000 but less than \$1,000,000, accepted by LEDC under this program to be placed in an interest bearing account or certificate of deposit (the LEDC CSP loan and deposit account or deposit account) in the name of LEDC to be maintained with the lender until the loan has been repaid, or the deposited funds are applied to the payment of not to exceed 25 percent or 50 percent (depending on the principal amount of the loan) or \$250,000 of the outstanding unpaid principal balance (but not the interest, lender fees or costs of collection) due on the loan; and thereafter, should any funds remain in the deposit account after the application of such funds, the remaining amount shall be returned by lender to LEDC, plus all interest accrued on the deposit account which is not included as a portion of the collateral securing the loan.

2. The corporation's cash collateral deposit shall be no greater than 25 percent or 50 percent (depending on the principal amount of the loan) for qualifying loan amounts not to exceed \$250,000 of the total original principal amount of the loan (or line of credit). LEDC's cash collateral deposit shall be pledged by LEDC to provide security for the payment of the agreed percentage of the principal amount of the loan or line of credit, not including interest due thereon. The lender shall retain an at risk position on each loan (or line of credit) of at least 20 percent of the original principal amount of the loan, or as payments are made and funds from other efforts are applied to the loan, and the principal amount is thereby reduced, lender's risk shall be likewise

reduced to 20 percent of the unpaid principal balance remaining due, plus all interest accrued on the loan.

3. There may be from time to time, in the event LEDC elects to do so, a reduction of the LEDC's cash collateral deposit in proportion to the principal reduction of the amortized portion of the loan or line of credit; or if no principal reduction has occurred in any annual period of the loan (or line of credit), a reduction in the cash collateral deposit amount may be made in proportion to the remaining life of the loan or line of credit.

4. The LEDC's cash collateral deposit will secure and cover up to no more than 25 percent or 50 percent (depending on the principal amount of the Loan) on the unpaid balance on the principal amount owed only. The remaining 50 percent of the approved collateral support deposit will be deposited with the lender within 30 days of the time that LEDC receives the completed, signed and dated claim form as mentioned in §9111.A.7 above.

5. The corporation's cash collateral deposit account shall not be cross-pledged nor cross-collateralized with any other loan.

C. Reporting

1. Reporting will be required by all lenders under this program as required by the U.S. Treasury under the SSBCI program and as required by the state.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1467 (June 2022), LR 48:1912 (July 2022).

§9113. Confidentiality

A. Confidential information in the files of the corporation and its accounts acquired in the course of its duty is to be used solely for the corporation. The corporation is not obliged to give out any credit rating or confidential information regarding the applicant/borrower. (See Louisiana Attorney General's Opinion #82-860.)

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1468 (June 2022), LR 48:1914 (July 2022).

§9115. Conflict of Interest

A. No member of the corporation, employee thereof, or employee of the Department of Economic Development, or members of their immediate families shall either directly or indirectly be a party to or be in any manner interested in any contract or agreement with the corporation for any matter, cause, or thing whatsoever by reason whereof any liability or indebtedness shall in any way be created against such corporation. If any contract or agreement shall be made in violation of the provisions of this Section, the same shall be null and void, and no action shall be maintained thereon against the corporation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1469 (June 2022), LR 48:1914 (July 2022).

§9117. Guidelines

A. The Louisiana Economic Development Corporation (LEDC), or the Louisiana Department of Economic Development, also known as Louisiana Economic Development (LED), as the administrators of this program, may make, create, or issue from time to time Guidelines interpreting, construing, explaining and/or supplementing these Rules; and may revise, supplement, or otherwise change or modify the guidelines at any time with or without notice.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:104, 36:108 and 51:2312

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1469 (June 2022), LR 48:1914 (July 2022)..



Collateral Support Program (CSP)

LED Preferred Lender Form



SSBCI

State Small Business Credit Initiative

What is an LED Preferred Lender?

LED Preferred Lenders

Meet the minimum eligibility requirements and have been approved to participate in LED loan programs. LED works with designated intermediary lenders across the state to assist in providing financing to small businesses. As an LED Preferred Lender, small business loans you issue may be backed by a state guaranty or cash collateral support.

The LED Preferred Lender designation is available to all Louisiana insured banks, Louisiana insured credit unions, or Louisiana CDFIs that not only meet the criteria identified on the LED Preferred Lender form, but also express an interest in offering one or both of the new LED Loan Programs under SSBCI: Small Business Loan Guaranty Program (SBLGP) or Collateral Support Program (CSP).

Why become an LED Preferred Lender?

- LED's ability to purchase the guaranteed portion of a loan, prior to collection, if a borrower defaults. (SBLGP)
- LED's ability to pledge a cash deposit to the loan at closing to support a collateral shortfall. (CSP)
- Ability to work with borrowers who, without LED's loan programs, (SBLGP and CSP), a lender would not deem qualified based on perceived risks.
- Since the LED Loan Guaranty and Collateral Support Programs help to mitigate risk associated with business loan requests, the program benefits enable lenders to offer lower rates and longer terms to its business clients.
- Lender earns Community Reinvestment Act (CRA) credits with the LED SBLGP and LED CSP.



LED Preferred Lender Application

What is an LED Preferred Lender?

LED Preferred Lenders are approved lenders who meet the minimum eligibility requirements to participate in LED loan programs; specifically the Small Business Loan Guaranty Program (SBLGP) and the Collateral Support Program (CSP). LED's Preferred Lenders are not required to participate in both programs but have demonstrated that they meet all requirements and show interest in utilizing one or both loan programs.

Why become an LED Preferred Lender?

- LED's ability to purchase the guaranteed portion of a loan, prior to collection, if a borrower defaults. (SBLGP)
- LED's ability to pledge a cash deposit to the loan at closing to support a collateral shortfall. (CSP)
- Ability to work with borrowers, who without LED's loan programs, (SBLGP & CSP), a lender would not deem qualified based on perceived risks.
- Since the LED Loan Guaranty and Collateral Support Programs help to mitigate risk associated with business loan requests, the program benefits enable lenders to offer lower rates and longer terms to its business clients.
- Lender earns Community Reinvestment Act (CRA) credits with the LED SBLGP and LED CSP.

Please answer all of the following questions below to submit your LED Preferred Lender request.

1. Select all that apply: *

- Insured Depository Lender
- Insured Credit Union
- Community Development Financial Institution
-

*

Describe your geographical service area



3. Is your financial institution registered with the Office of Financial Institution?

Yes No

4. How many years' experience does your financial institution have in business or commercial lending? *

- <1 year > 10 years
 1-2 years Lender does not provide business nor commercial loans
 3-10 years

5. Does your financial institution use general media outlets to provide outreach to small businesses? Select all that apply. *

- print
 radio
 television
 electronic (social media)

6. Does your financial institution target individuals that represent, work with, women, minorities, veterans or other Socially Economically Disadvantaged Individuals (SEDI) OR use media outlets that do?

Yes No

7. Does your financial institution have dedicated resources to support small business &/or commercial lending activities?

Yes No

8. Does your financial institution provide services and/or marketing collateral to reach a multilingual audience(s)?

Yes No

9. Financial Institution Name: ***Contact Person Submitting Request:**

Name *

Title *

Phone *

Email *

Is this a Branch Specific Request?

Yes No

Is this a Bank wide or Regional request?

Yes No

If Yes, please provide the Branch Address:

If Yes, please list the region(s):

My financial institution has used LED's Loan Guaranty Program in the past.

Yes No

If approved by LED as an LED Preferred Lender, I authorize LED to list my financial institution's contact information on LED's website as an LED Preferred Lender.

Yes No

Submit

Please note: this form is electronic only and accessible online at our website: LouisianaSSBCI.com (Under the right column, LED Preferred Lender)