



# Small Business Loan Guaranty Program (SBLGP)

## Bankers Packet

- One-Pager
- Application
- Loan Status Report
- Request for Payment Form
- Loan Guaranty Agreement
- Title 19: Loan Guaranty Rules
- LED Preferred Lender Form

# SSBCI Small Business Loan Guaranty Program



## BENEFITS

Provides guarantees to Lenders that may equal up to 80 percent (80%) of the loan amount, not to exceed a maximum guaranty amount of \$1.5 million.

- Quick turnaround for guaranty amounts under \$500,000
- Low Fees

## ELIGIBILITY

- Authorized to conduct business in Louisiana and maintains an office in Louisiana.
- 500 employees or less
- Must create at least one new permanent job for loans of \$100,000 or less, and at least two new permanent jobs for loans over \$100,000.

For more information, visit [LouisianaSSBCI.com](https://LouisianaSSBCI.com) or email [LEDSSBCI2@la.gov](mailto: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 SBLGP loan application must be submitted to LEDC by the Lender seeking the guaranty.

3

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

4

After review of the application packet by the appropriate LEDC committee/board, the bank is notified of the loan guaranty decision.





# Small Business Loan Guaranty Program (SBLGP)

## Application



# SSBCI Small Business Loan Guaranty Program (SBLGP) Application

## APPLICATION CHECKLIST

LENDING INSTITUTION NAME:

BUSINESS NAME:

LOAN OFFICER:

DATE:

### Required Documents

	Yes	No	N/A
A completed, signed and dated LEDC application			
SSBCI Borrower Use of Proceeds and Conflict of Interest Certification			
SSBCI Lender Use of Proceeds and Conflict of Interest Certification			
SSBCI Lender Sex Offender Certification			
SSBCI Borrower Sex Offender Certification			
SSBCI Borrower SEDI Certification* (see footnote)			
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			
Memo/letter stating reason for the LEDC maximum guaranty			
SSBCI Demographic Data Reporting Form			
The last three years of financial statements prepared in conformance with GAAP (if applicable)			
Proforma balance sheet, profit and loss statement, and current company financial statements (dated within 60 days)			
A business plan with resume(s) of principals/key staffer(s), and their respective responsibilities, the company's officer(s) by title/responsibility, and stockholder(s) by percent ownership, management plans, three years of projections with financial notes, marketing strategy, competition, etc.			
Copies of business articles of incorporation (if applicable)			
Current personal signed and dated financial statement on the lending institution's letterhead of all endorsers, signed by both spouses (if applicable) and credit report(s), as well as prior 3 years of tax returns			
A current accounts receivable aging schedule (if applicable)			
A DEQ/EPA Level One if applicable (or whatever require), appraisal regarding water, oil and chemical run-off and/or other contaminants			

\*To determine if the business enterprise is located in a CDFI Investment Area under SEDI click here: [www.cdfifund.gov/cims3](http://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", or most current;
- 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 populate; If the address is in a CDFI Investment Area, it will be shaded green. By clicking in the green shaded area a box will appear noting YES or NO if in an Investment Area.



# SSBCI Small Business Loan Guaranty Application

Mailing Address  
617 North Street, 11th floor  
Baton Rouge, LA 70802

Phone: 225.342.3000  
Fax: 225.342.0142

## SECTION 1: BUSINESS INFORMATION

BUSINESS NAME:

D/B/A NAME (IF APPLICABLE):

CONTACT NAME:

BUSINESS ADDRESS (MAILING):

CITY:  STATE:  ZIP CODE:

BUSINESS ADDRESS (PHYSICAL):

CITY:  STATE:  ZIP CODE:

PARISH:

CONTACT PHONE #:  Fax #:

BUSINESS WEBSITE:

EMAIL ADDRESS:  INDUSTRY:

STATE DOMICILED IN:  NAICS CODE:

MONTH/YEAR ESTABLISHED:  BUSINESS TYPE:

BUSINESS DESCRIPTION:

**LEGAL STRUCTURE OF BUSINESS**  C-Corp  S-Corp  LLC  Partnership  Sole Proprietor  Other

HAS YOUR BUSINESS RECEIVED ANY FEDERAL INCENTIVES WITHIN THE LAST 10 YEARS? YES  NO

IF YES, UNDER WHICH PROGRAMS (EIDL, PPP, OTHER)

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HAS YOUR BUSINESS RECEIVED ANY STATE INCENTIVES WITHIN THE LAST 10 YEARS:  YES  NO

IF YES, UNDER WHICH PROGRAMS (ENTERPRISE ZONE, QUALITY JOBS, INDUSTRIAL TAX EXEMPTION PROGRAM, OTHER):

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**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: \$ \_\_\_\_\_ New jobs: \_\_\_\_\_ Retained jobs: \_\_\_\_\_

**KEY EMPLOYEES:**

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Name	Title	Responsibilities	Years with Company	Years in Industry

**NARRATIVE HISTORY OF THE BUSINESS:**

(Please provide a brief history of the business such as target market, key customers, major competitors and competitive advantage in the marketplace. Attach additional page if necessary.)

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## SECTION 2: OWNER INFORMATION

Persons having 20 percent or more ownership in business must complete Owner/Director section. Attach additional pages if necessary using the same format as below.

FULL NAME:	<input type="text"/>				
HOME ADDRESS:	<input type="text"/>				
CITY:	<input type="text"/>	STATE:	<input type="text"/>	ZIP CODE:	<input type="text"/>
SOCIAL SECURITY NUMBER:	<input type="text"/>	BUSINESS/TITLE:	<input type="text"/>		
UNEMPLOYMENT INS.#	<input type="text"/>	FEDERAL TAX ID#	<input type="text"/>		
PERCENTAGE OWNERSHIP:	<input type="text"/>	ANNUAL COMPENSATION:	<input type="text"/>		
PHONE NUMBER:	<input type="text"/>	EMAIL:	<input type="text"/>		
U.S. CITIZEN:	<input type="checkbox"/> YES <input type="checkbox"/> NO	DRIVER'S LICENSE #:	<input type="text"/>		

### Additional Owners

FULL NAME:	<input type="text"/>				
HOME ADDRESS:	<input type="text"/>				
CITY:	<input type="text"/>	STATE:	<input type="text"/>	ZIP CODE:	<input type="text"/>
SOCIAL SECURITY NUMBER:	<input type="text"/>	BUSINESS/TITLE:	<input type="text"/>		
UNEMPLOYMENT INS.#	<input type="text"/>	FEDERAL TAX ID#	<input type="text"/>		
PERCENTAGE OWNERSHIP:	<input type="text"/>	ANNUAL COMPENSATION:	<input type="text"/>		
PHONE NUMBER:	<input type="text"/>	EMAIL:	<input type="text"/>		
U.S. CITIZEN:	<input type="checkbox"/> YES <input type="checkbox"/> NO	DRIVER'S LICENSE #:	<input type="text"/>		

NOTE: IF ADDITIONAL OWNERS, ATTACH DOCUMENTATION

## SECTION 3: LOAN INFORMATION

STATEMENT OF USE FOR LOAN PROCEEDS: (Attach additional information as needed.)

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Loan Amount: \$ \_\_\_\_\_ Amount Guarantee Requested: (max \$1.5MM) \$ \_\_\_\_\_

Guarantee %: \_\_\_\_\_ Guarantee Term Requested: (max 7 years) \_\_\_\_\_

TOTAL PROJECT COSTS BY ACTIVITY:

Investments Costs	AMOUNT AND SOURCE OF FUNDS					Total Cost
	Private Financing/ Borrower Funds (BF)	BF Percentage of Total Cost	Financial Institution (FI)	FI Percentage of Total Cost	Other Financing: Local, State, Fed (Specify)	
Building Cost						
Land Cost						
Equipment Cost						
RLOC (inventory/receivables)						
Other (specify)						
<b>Total Project Costs/ Total Proceeds</b>						



**SUMMARY OF COLLATERAL AVAILABLE TO SECURE LOAN**

Type/Description	Present Market Value	Present Amount Owed	Net Value (Equity)
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

Attach additional sheets if needed, using the same format as above.

Total Value of Collateral: \$ \_\_\_\_\_ Total Equity in Collateral: \$ \_\_\_\_\_

Lien Position: \_\_\_\_\_ 1<sup>st</sup> \_\_\_\_\_

**SOURCE OF REPAYMENT**

Primary: \_\_\_\_\_

Secondary: \_\_\_\_\_

**LIST OF TRADE CREDITORS/SUPPLIERS:**

Business Indebtness: Furnish the following information on all outstanding installment debts, contracts, notes and mortgages payable. Present balance should agree with the latest balance sheet submitted. If more space is needed, attach additional sheets using the same format as below.

To Whom Payable	Original Amount/ High Credit	Date Opened	Present Balance	Rate of Interest	Maturity Date/ Term	Monthly Payment	Security/ Collateral	Current or Past Due
Inst. _____ Account # _____	\$		\$			\$		
Inst. _____ Account # _____	\$		\$			\$		
Inst. _____ Account # _____	\$		\$			\$		
Inst. _____ Account # _____	\$		\$			\$		
Inst. _____ Account # _____	\$		\$			\$		

**FINANCIAL INFORMATION:**

Please provide information for the three (3) most recent tax years.

	FY 2 _____	FY 2 _____	FY 2 _____
Annual Fiscal Revenue	\$	\$	\$
Total Payroll	\$	\$	\$
Pre-Tax Income	\$	\$	\$

**SECTION 4: FINANCIAL INSTITUTION INFORMATION** (to be completed by financial institution)

FINANCIAL INSTITUTION NAME:

FINANCIAL INSTITUTION ADDRESS:

FEDERAL EIN #:

OFFICER/ CONTACT PERSON(S):

PHONE NUMBERS(S):

FAX NUMBER(S):

EMAIL ADDRESS:

IS LOAN WITHIN LENDER'S LEGAL LENDING LIMIT?

YES  NO

(If no, please attach explanation)

WHY IS THE LOAN GUARANTEE NEEDED?

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**SECTION 5: CONTINGENCIES/DISCLOSURES**

LIST ANY CO-SIGNER(S) OR GUARANTOR(S) ON ANY PRESENT LOANS:

LIST ALL LITIGATION PENDING ON OWNER OR COMPANY:

LIST ALL BANKRUPTCY OR INSOLVENCY PROCEEDINGS INVOLVING OWNER OR COMPANY:

ARE YOU (OWNER) PRESENTLY UNDER INDICTMENT, PAROLE OR PROBATION?

NO  YES (Explain. Use additional sheets.)

HAVE YOU BEEN CHARGED OR ARRESTED FOR ANY CRIMINAL OFFENSE?

NO  YES (Explain. Use additional sheets.)

HAVE YOU BEEN CONVICTED OF ANY CRIMINAL OFFENSE?

NO  YES (Explain. Use additional sheets.)

ARE THERE ANY PENDING JUDGMENTS OR TAX LIENS AGAINST THE COMPANY OR YOURSELF?

NO  YES (Explain. Use additional sheets.)

## SECTION 6: 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;<sup>1</sup>

- 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;<sup>2</sup> 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.<sup>3</sup> 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: \_\_\_\_\_

<sup>1</sup> 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.

<sup>2</sup> 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.”

<sup>3</sup> 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).<sup>1</sup> 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 controlled<sup>2</sup> 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.<sup>3</sup>

<sup>1</sup> 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).

<sup>2</sup> 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).<sup>4</sup>

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

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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:

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The undersigned is an authorized representative of the borrower.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

<sup>3</sup> “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.

<sup>4</sup> 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](mailto: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](mailto: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.

<b>1. Minority-owned or controlled business status</b>			
<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>			
<b>Is the applicant a minority-owned or controlled business?</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Prefer not to respond
<b>2. Women-owned or controlled business status</b>			
<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>			
<b>Is the applicant a women-owned or controlled business?</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Prefer not to respond
<b>3. Veteran-owned or controlled business status</b>			
<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>			
<b>Is the applicant a veteran-owned or controlled business?</b>	<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).

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



# Small Business Loan Guaranty Program (SBLGP)

## Loan Status Report







# Small Business Loan Guaranty Program (SBLGP)

## Request for Payment Form

(SHOULD BE ON FINANCIAL INSTITUTION STATIONERY)

**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION**  
**ARPA 2021 SSBCI SMALL BUSINESS LOAN GUARANTY**  
**PROGRAM**

**REQUEST FOR PAYMENT**

Louisiana Economic Development Corporation

Attention: LEDC

Post Office Box 94185

Baton Rouge, Louisiana 70804-9185

Gentlemen:

The undersigned representative of \_\_\_\_\_ (Lender) hereby requests payment on the guarantee portion from Louisiana Economic Development Corporation Small Business Loan Guaranty Program in accordance with the terms of the Guaranty Agreement.

Loan established for: \_\_\_\_\_.

Loan Number # \_\_\_\_\_.

This Loan was in the original Principal amount of \$ \_\_\_\_\_;

and now has an unpaid Principal balance of \$ \_\_\_\_\_.

Disbursement is to be made payable to the following:

NAME: \_\_\_\_\_  
Lender

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

Request for Payment, Page 2

Loan Number # \_\_\_\_\_.

Payment Instructions: \_\_\_\_\_ .

The undersigned hereby certifies that the Obligation has been properly incurred, is a proper charge against the SSBCI loan guaranty and has not been the basis of any previous claim. And in addition, the undersigned certifies that the following conditions have been met:

- A. The representation and warranties of the Small Business contained in the LEDC Small Business Loan application are true and correct on and as of the date of this request with the same effect as if made on such date.
- B. The Lender has complied with all terms and conditions set forth in the Loan Guaranty Agreement and any other documents or agreements executed or delivered in connection therewith.

Insofar as the obligation for which the foregoing payment is requested was incurred for materials or supplies in connection with the construction and/or equipping of the Small Business project, the undersigned further certifies that such work was actually performed in general compliance with the LEDC loan application.

NAME: \_\_\_\_\_ Date: \_\_\_\_\_  
Lender

By: \_\_\_\_\_  
Signature

Title: \_\_\_\_\_



# Small Business Loan Guaranty Program (SBLGP)

## Loan Guaranty Agreement

**STATE OF LOUISIANA**  
**STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI)**  
**LOAN GUARANTY PROGRAM**

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**LOAN GUARANTY AGREEMENT**

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**LOUISIANA ECONOMIC DEVELOPMENT CORPORATION (LEDC)**

**and**

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**LENDER**

**ADDRESS:** \_\_\_\_\_  
**ATTN:** \_\_\_\_\_ **(TITLE)**  
**PHONE:** \_\_\_\_\_  
**FAX:** \_\_\_\_\_

**LOAN GUARANTY AGREEMENT**

This Loan Guaranty Agreement (the “**Agreement**”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between:

**Louisiana Economic Development Corporation (“LEDC”)**, a State Depositing Authority, with its offices located at LaSalle Building, 11<sup>th</sup> Floor, 617 North 3<sup>rd</sup> Street, Baton Rouge, LA. 70802, and a mailing address of P.O. Box 94185, Baton Rouge, La. 70804-9185;

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 Loan Guaranty Program (“**Guaranty Program**”). 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. Borrower desires to obtain a loan (or line of credit loan) as hereinafter described from Lender, and Lender is willing to originate, prepare Loan Documents for, make, process, administer, maintain, service and collect such a loan (or line of credit) with the prospect of an LEDC approval and acceptance of the loan into the SSBCI Loan Guaranty ARPA 2021 (the “**Guaranty Program**”), and providing Lender with SSBCI support for the Loan, under the terms of this Agreement and 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 Guaranty Program under the Louisiana Administrative Code (“**LAC**”), Title 19, Part VII, Subpart 1, Chapter 5, Sections 501 through 517 (the “**Guaranty 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) **“Board”** – Board of Directors of Louisiana Economic Development Corporation.

(b) **“Borrower”** – also referred to herein as the applicant/borrower or customer/borrower; the business person or entity borrowing and accepting the loaned funds from the Lender.

(c) **“CDFI”** and/or **“Community Development Financial Institution”** – has the meaning given that term under Section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994.

(d) **“CDFI Investment Area”** – areas defined by CDFI which 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. For purposes of SSBCI, Treasury has determined that the entirety of American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands constitute a CDFI Investment Area.

(e) **“Corporation”** – Louisiana Economic Development Corporation.

(f) **“Disabled Person's Business Enterprise”** – a small business concern which is at least 51 percent owned and controlled by a disabled person, as defined by the federal Americans with Disabilities Act of 1990.

(g) **“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).

(h) **“Lead Lender”** – the bank or other lender that makes or originates the loan with the borrower.

- (i) “**LED**” – Louisiana Department of Economic Development.
- (j) “**LEDC**” – Louisiana Economic Development Corporation.

(k) “**Lender**” – also referred to herein as the applicant/lender; the Financial Institution originating the loan and providing the loan funds to the borrower. Lender is 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 Guaranty Program 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.

(l) “**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.

(m) “**Loan**” – the temporary provision of money or funds for a business purpose, usually for a limited term and requiring the payment of interest along with the repayment of the loaned funds. As used herein, the word loan includes a line of credit loan guarantee, term loan guarantee and loan participation.

(n) “**Loan Guaranty**” or “**Guarantee**” or “**Guaranty**” – an agreement to pay the loan of another borrower, up to any limit in the amount guaranteed as provided in the agreement, in case the original borrower defaults in or is unable to comply with his repayment obligation.

(o) “**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.

(p) “**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.

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

(r) “**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.

(s) **“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 GUARANTY**

**Section 2.1. Application, Submission and Approval.** Lender has submitted a complete application to LEDC for review and approval as required by Section 505 of the Guaranty Rules to seek qualification under the Guaranty Program as provided therein and a Loan Guaranty Commitment Letter has been issued.

**Section 2.2. Borrower.** \_\_\_\_\_ (“**Borrower**”) is an individual, for profit business proprietorship, non-profit entity with an eligible business purpose or other entity or enterprise registered and authorized to conduct business in the State of Louisiana 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.

**Section 2.3. Loan and LEDC Loan Guaranty.**

(a) *Loan.* The Loan is in the principal amount of \$ \_\_\_\_\_ (the “**Principal Amount**”).<sup>1</sup> The 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.

(b) *Guaranty Portion.* Provided and only to the extent permanent financing is provided by Lender to Borrower, LEDC does hereby guarantee to Lender, its successor and assigns, utilizing available SSBCI funds, the payment of \_\_\_\_\_ (\_\_\_\_\_) % of the outstanding principal balance of the Loan up to and not exceeding the total maximum principal amount of \$ \_\_\_\_\_ (the “**Guaranty Portion**”).

Loan Principal Amount: \$ \_\_\_\_\_

Guaranty Portion: \$ \_\_\_\_\_ / Percentage: \_\_\_\_\_ %

Guaranty Term: \_\_\_\_\_

In no event shall the Guaranty Portion be greater than eighty percent (80%) of the Loan or exceed \$1,500,000 (the “**Guaranty Limit**”), excluding all fees, interest (accrued or default), any costs, and/or any attorney’s fees. The Guaranty Portion will cover the unpaid principal amount only, excluding all fees, interest (accrued or default), any costs, and/or any attorney’s fees.

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<sup>1</sup> To the extent not stated in this Agreement, Loan rules and restrictions under the SSBCI are provided in the Guidelines, a copy of which is annexed hereto as **Annex C**, and the Guaranty Rules, a copy of which is annexed hereto as **Annex D**.

(c) *Event of Default by Borrower.* 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 debt evidenced by the Loan, note, line of credit or extension of credit, for a period of more than 90 days (which is not cured after the expiration of any applicable opportunity to cure) (“**Event of Default by Borrower**”). 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 Guaranty Rules.

(d) *Funding the Guaranty Portion.* To the extent Lender and Borrower are unable to cure the Event of Default by Borrower as provided in subpart (c) above, Lender may request in writing to LEDC that LEDC fund the Guaranty Portion by submitting a Claim Form to LEDC in the form attached hereto as **Exhibit A** (the “**Default Notice**” and/or “**Claim Form**”).

(i) Provided Lender has complied with the terms and conditions of this Agreement, LEDC will pay to Lender the Guaranty Portion within thirty (30) days of LEDC’s receipt of the Claim Form. 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 Guaranty Portion shall not constitute or be deemed a waiver by LEDC of any of its rights under this Agreement, the Guaranty Program, the Guaranty Portion, or in any way relating to or arising from Lender’s negligence, misconduct, misrepresentation or misstatement (as it relates to this Agreement, the Guaranty Program, or any certifications provided in connection with the Default Notice), or any violation of any provision of this Agreement, the Guaranty Program, or the Loan Documents (including failure to comply with applicable SSBCI statutes and the Guidelines).

(ii) Upon LEDC’s payment of the Guaranty Portion, Lender shall continue to administer the Loan and LEDC shall have no further obligations. For any proceeds received from Borrower by Lender in connection with Lender’s continued administration and collection of the Loan (including any payments received) or liquidation of the Collateral, Lender and LEDC will share in such proceeds in the same proportion as their respective interest bears on the unpaid balance of the Loan. Lender shall not acquire or have any preferential security, surety or insurance for any unguaranteed portion of the Loan. All repayments, security or guaranty of any nature, including without limitation the rights of setoff, counterclaim, which Lender or LEDC jointly or severally may any time recover from any source whatsoever or have the right to recover in connection with the Loan or Collateral, shall repay and secure the interests of Lender and LEDC in the same proportion as such interest bears respectively to the unpaid balance of the Loan. Upon LEDC’s payment of the Guaranty Portion and without affecting LEDC’s right to receive and recovery such proceeds in its respective interest, 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 Collateral under the Loan.

**Section 2.4. Additional Requirements.**

(a) *Interest Rates.* On any Loan(s) (or lines of credit) under the Guaranty Program, 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 Loan Guaranty is also intended, *inter alia*, to provide Borrower with a more favorable interest rate than would otherwise be provided absent this Guaranty. Lender will consider the Guaranty 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 Loan Guaranty is more favorable to Borrower than the interest rate would have been absent this Loan Guaranty.

(b) *Equity Requirements.* Borrower must infuse not less than fifteen percent (15%) into the equity in an existing or expanding business, or for a start-up operation or acquisition loan request.

(c) *Terms.* Maturity, collateral, and other loan terms shall be negotiated between Borrower and Lender, and LEDC shall have an opportunity to approve the terms of such Loan(s) prior to the closing; provided, however, that the following guaranty term(s) shall apply and be limited to various types of Loan(s) as follows:<sup>2</sup>

(i) for revolving lines of credit (RLOC) guarantee may extend for up to and not exceed 7 years.

(ii) for equipment term loans guarantee term periods may extend for up to and not exceed 10 years.

(iii) for real estate term loans guarantee term periods may extend for up to and shall not exceed 25 years.

(d) *Permanent Full-Time Job.* In connection with the business purpose for the Loan: (i) if the Loan is \$100,000 or less, Borrower shall create or retain in this State at least one Permanent Full-Time Job; or (ii) if the Loan exceeds \$100,000, Borrower shall create in this State at least two Permanent Full-Time Jobs.

(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,

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<sup>2</sup> Lender understands, acknowledges, and agrees that to the extent SSBCI funds are no longer available at the maturity of the stated term, LEDC shall have no obligation to fund the Guaranty Portion upon an event of default or otherwise.

including all appendices, and any permitted amendments thereto, collectively, the “**Loan Documents**”). 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, program rules, and regulations, as well as the Guidelines.

(f) After the Loan closing, Lender shall immediately provide copies of all fully executed Loan Documents to LEDC. At least five (5) business days prior to the closing date, Lender shall make available the Loan Documents to LEDC for review and approval.

**Section 2.5. Collateral.**

(a) Borrower will provide the following Collateral as security for the Borrower’s repayment obligations under the Loan, as marked by an “X” below:

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

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

An Assignment of Accounts Receivable;

Other

(the collateral provided above is referred to herein as the “**Collateral**”).

(b) For any Collateral marked above, Lender acknowledges and confirms that it shall not include a confession of judgment in any security agreement(s), collateral document(s), or any other instrument(s) used to secure the Loan.<sup>3</sup>

(c) The value of the Collateral shall be no less than the Guaranty Portion (defined below) of the Loan.

(d) The position for any of the Collateral shall be no less than a sole second position.

**Section 2.6. General Loan Administration Provisions.**

(a) Lender shall conduct all of the 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.

(b) The loan or line of credit shall not be sold, assigned, participated out, or otherwise transferred without the prior written consent of the LEDC board.

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<sup>3</sup> 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.

(c) Lender shall originate, prepare all Loan Documents for, make, process, administer, maintain, service and collect the Loan.

(d) 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; (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,<sup>4</sup> sell, transfer, assign, or attempt to execute against any Collateral or security securing the Loan.**

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

(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 the Agreement, or any Borrower representations, warranties or certifications in Borrower's certificates and covenants in the Borrower's agreement submitted to LEDC with the Loan application or in connection with the Agreement or Guaranty Program; **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 Collateral.

(f) 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.

(g) Lender shall comply with the Disclosure of Terms requirement set forth in the Guaranty Rules and Guidelines.<sup>5</sup> In addition, Lender shall disclose to Borrower and any co-maker, guarantor, endorser, other debtor or obligor of the Loan, the existence of the 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 or the amounts guaranteed by LEDC.

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<sup>4</sup> 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.

<sup>5</sup> 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 where applicable, 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.

(h) 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 Guaranty Rules, and/or the SSBCI statutes and rules.

**Section 2.7. Termination of Guaranty.**

(a) This Agreement and the guarantee evidenced hereby shall terminate as a result of any of the following:

- (i) An Event of Default by Lender; or
- (ii) The expiration of the Guaranty Term as provided in this Agreement.

**Section 2.8. Event of 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, unless a written waiver of the default is signed by the President or Secretary-Treasurer of LEDC:

(a) Any representation or warranty made by Lender under this Agreement or any of the Loan Documents, is incorrect in any material respect;

(b) Any material breach by Lender of any duty or obligation of Lender under this Agreement which is not cured by Lender to the satisfaction of LEDC within thirty (30) calendar days after written notice thereof by LEDC to Lender;

(c) 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) calendar days of such appointment; or

(d) Any voluntary bankruptcy or insolvency proceedings are commenced by Lender; or any involuntary bankruptcy or insolvency proceedings are commenced against 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 2.9. Reporting Requirements.** Under the 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 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 Guaranty Program, 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 the 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 Guaranty Program.

### ARTICLE III OTHER LOAN GUARANTY PROVISIONS



**Section 3.1. Guaranty Program and Guaranty 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 Guaranty Rules provide additional requirements under the Guaranty Program. Funding requests under the Loan Guaranty Program for any business purpose may be considered, however, the following businesses and purposes shall be considered.

(a) *Eligible:*

(i) small business concerns authorized to do and doing business in Louisiana, that maintain an office in Louisiana; 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) certified small and emerging businesses (SEBs) certified by LED's small business services that maintain an office in Louisiana;

(iii) disabled person's business enterprises authorized to do and doing business in Louisiana, that maintain an office in Louisiana.

(b) *Ineligible:*

(i) restaurants (except for regional or national franchises), including grills, cafes, fast food operations, motorized vehicle, trailer, curb-side, sidewalk or street vendor food operations, and any other business or project established for the principal purpose of dispensing cooked food for consumption on or off the premises having been in operations 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 as its business;

(v) 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;

(vi) funding for the principal purpose of refinancing existing debt unless under the following conditions:

(A) a lender may refinance a borrower's existing loan, line of credit, extension of credit, or other debt originally made by an unaffiliated lender only if the following conditions are met:

(1) the amount of the refinanced loan or other debt is at least 150 percent of the previous outstanding balance;

(2) the transaction results in a 30 percent reduction in the fee-adjusted APR contracted for the term of the new debt, to help ensure that funding is used only for transactions that meaningfully benefit borrowers by providing access to sustainable products; and

(3) proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

(B) a lender may use funds to support a new extension of credit that repays the amount due on a matured loan or other debt that was previously used for an eligible business purpose when all the following conditions are met:

(1) the amount of the new loan or other debt is at least 150 percent of the outstanding amount of the matured loan or other debt;

(2) the new credit supported with funding is based on a new underwriting of the small business's ability to repay the loan and new approval by the lender;

(3) the prior loan or other debt has been paid as agreed and the borrower was not in default of any financial covenants under the loan or debt for at least the previous 36 months (or since origination, if shorter); and

(4) proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

(vii) funding for the purpose of buying out any stockholder or equity holder by another stockholder or equity holder in a business;

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

(ix) funding for the purpose of buying out any family member or reimbursing any family member;

(x) funding for the purpose of pyramid sales;

(xi) funding activities related either directly or indirectly to cryptocurrency.

(c) In addition to the eligibility and ineligibility provisions above, applicant/borrowers lines of credit guarantees and loan guarantees in connection with this program shall meet the following criteria.

(i) The applicant/borrower(s) shall employ 500 employees or less at the time the loan is enrolled in this program;

(ii) This credit support shall not be extended to applicant/borrower(s) that have more than 750 employees;

(iii) Any loan supported in this Program shall not exceed a principal amount of \$ 5,000,000;

(iv) Any credit extended through this Program shall not exceed a principal amount of \$ 20,000,000;

(v) SSBCI funds utilized in this Guaranty Program will be permitted only for new extensions of credit; that is, funds of the SSBCI Program shall not be used to support existing extensions of credit, including but not limited to prior loans, lines of credit or other borrowing, that were previously made available as part of a state small business credit enhancement program unless under the following conditions:

(A) a lender may refinance a borrower's existing loan, line of credit, extension of credit, or other debt originally made by an unaffiliated lender only if the following conditions are met:

(1) the amount of the refinanced loan or other debt is at least 150 percent of the previous outstanding balance;

(2) the transaction results in a 30 percent reduction in the fee-adjusted APR contracted for the term of the new debt, to help ensure that SSBCI funding is used only for transactions that meaningfully benefit borrowers by providing access to sustainable products; and

(3) proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

(B) a lender may use SSBCI funds to support a new extension of credit that repays the amount due on a matured loan or other debt that was previously used for an eligible business purpose when all the following conditions are met:

(1) the amount of the new loan or other debt is at least 150 percent of the outstanding amount of the matured loan or other debt;

(2) the new credit supported with SSBCI funding is based on a new underwriting of the small business's ability to repay the loan and new approval by the lender;

(3) the prior loan or other debt has been paid as agreed and the borrower was not in default of any financial covenants under the loan or debt for at least the previous 36 months (or since origination, if shorter); and

(4) proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

(C) Small Business Administration (SBA) guaranteed loans shall not be purchased in loan participations through this program.

#### **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.

(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 Guaranty Rules, the Guidelines, 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 Guaranty Program 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 Guaranty Program, 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 Guaranty Rules, and as provided in any applicable SSBCI statutes, rules and regulations;

(vi) Lender has obtained all assurances and certifications from Borrower as required by this Agreement, the Guidelines, the Guaranty Rules, 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 Guaranty Rules and may revise, supplement, or otherwise change or modify the Guaranty 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 Guaranty Program, 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 shall survive LEDC's funding and/or payment to Lender of the Guaranty Portion, as well as the payment in full of any Loan, the termination of this Agreement by LEDC or Lender pursuant to any provision in this Agreement, the withdrawal of Lender in the Guaranty Program, 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 Guaranty 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 Guaranty Program 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 19<sup>th</sup> 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, constitute the entire understanding and agreement between the Parties.

[Signature Pages Follow]

[Remainder of Page Intentionally Left Blank]

**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:** ARPA 2021 SSBCI Small Business Loan Guaranty Program Rules

DRAFT



# Small Business Loan Guaranty Program (SBLGP)

## Title 19: Loan Guaranty Rules

lines of credit or other borrowing, that were previously made available as part of a state small business credit enhancement program; and

6. Small Business Administration (SBA) guaranteed loans shall not be purchased in loan participations through this program.

**AUTHORITY NOTE:** Promulgated in accordance with LA. R.S. 51:2312.

**HISTORICAL NOTE:** Promulgated by the Department of Economic Development, Office of the Secretary, Office of Business Development and Louisiana Economic Development Corporation, LR 38:999 (April 2012).

### **§309. General Loan, Credit, Guaranty and Participation Provisions**

A. Except as may be hereinafter provided, all of the provisions contained in §109 of Chapter 1 of the Small Business Loan and Guaranty Program shall also apply to this Chapter 3 program (except that loan participations will not be utilized in this Chapter 3 program).

#### **B. Interest Rates**

1. On all loan or line of credit guarantees, the interest rate is to be negotiated between the borrower and the lender, but shall not exceed 5 percent per annum above New York prime as published in the *Wall Street Journal* at either a fixed or variable rate.

#### **C. Equity Requirements**

1. To qualify for this Chapter 3 program, the borrower must infuse not less than 15 percent into the equity in an existing or expanding business, or not less than 20 percent into the equity of a start-up operation or an acquisition.

#### **D. Limit on the Amount of LEDC's Guaranty**

1. In connection with loans included in this Chapter 3 program, for certified small and emerging business loans, or disabled person's business enterprise loans, the corporation's loan guaranty shall be:

- a. no greater than 75 percent of a loan of up to \$2,000,000; or
- b. if the loan request exceeds \$2,000,000, the guaranty shall not exceed \$1,500,000.

#### **E. Terms**

1. For loan guaranties included in this Chapter 3 program, all of the provisions contained in §109.F.1.a, b and c of Chapter 1 of the Small Business Loan and Guaranty Program, with regard to term periods of various types of loan guaranties, shall also apply to this Chapter 3 program.

#### **F. LEDC Fees**

1. In connection with loans and guaranties included in this Chapter 3 program, LEDC will charge a guaranty fee not to exceed a maximum amount of 2 percent of the guaranteed loan amount, unless the board, the board screening committee or other designated committee waives the guaranty fee.

2. In connection with loans and guaranties included in this Chapter 3 program, LEDC will charge no application fee.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 51:2312.

**HISTORICAL NOTE:** Promulgated by the Department of Economic Development, Office of the Secretary, Office of Business Development and the Louisiana Economic Development Corporation, LR 38:999 (April 2012), LR 40:274 (February 2014).

### **§311. General Agreement Provisions**

A. Except as may be hereinafter provided, all of the provisions contained in §111 of Chapter 1 of the Small Business Loan and Guaranty Program shall also apply to this Chapter 3 program (except that loan participations will not be utilized in this Chapter 3 program).

**AUTHORITY NOTE:** Promulgated in accordance with LA. R.S. 51:2312.

**HISTORICAL NOTE:** Promulgated by the Department of Economic Development, Office of the Secretary, Office of Business Development and Louisiana Economic Development Corporation, LR 38:999 (April 2012).

### **§313. Confidentiality**

A. All of the provisions contained in §113 of Chapter 1 of the Small Business Loan and Guaranty Program shall also apply to this Chapter 3 program.

**AUTHORITY NOTE:** Promulgated in accordance with LA. R.S. 51:2312.

**HISTORICAL NOTE:** Promulgated by the Department of Economic Development, Office of the Secretary, Office of Business Development and Louisiana Economic Development Corporation, LR 38:999 (April 2012).

### **§315. Conflict of Interest**

A. All of the provisions contained in §115 of Chapter 1 of the Small Business Loan and Guaranty Program shall also apply to this Chapter 3 program.

**AUTHORITY NOTE:** Promulgated in accordance with LA. R.S. 51:2312.

**HISTORICAL NOTE:** Promulgated by the Department of Economic Development, Office of the Secretary, Office of Business Development and Louisiana Economic Development Corporation, LR 38:1000 (April 2012).

## **Chapter 5. SSBCI Loan Guaranty ARPA 2021**

### **§501. Purpose**

A. The purpose of this program is to utilize federal SSBCI funds to strengthen state programs that support private financing to small businesses as a response to the economic effects of the COVID-19 pandemic, in accordance with prevailing federal guidelines issued by the U.S. Treasury.

B. The Louisiana Economic Development Corporation (LEDC) will utilize SSBCI funds from ARPA 2021 to increase access to credit and capital funding to further assist small businesses statewide, to expand loan capabilities to include a broader range of businesses statewide, to direct a

greater concentration on 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. This LEDC program and the SSBCI funding will be marketed through outreach activities to inform venture capital funds, local foundations, small businesses, trade associations, incubator associations, and economic development organizations of the program, and to generate increased small business activity, awareness of and access to additional sources of capital to start and expand existing business opportunities, as well as participation in the program. The marketing will also be used to find investment opportunities located in the underserved markets that will be targeted with SSBCI funds.

D. The LEDC will also monitor these plans, including the progress of individual businesses receiving investments and the performance of participating venture capital organizations, 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 48:1472 (June 2022), LR 48:1926 (July 2022).

### §503. 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.

*Board*—Board of Directors of Louisiana Economic Development Corporation.

*Borrower*—also referred to herein as the *applicant/borrower* or *customer/borrower*; the business person or entity borrowing and accepting the loaned funds from the Lender.

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

*CDFI Investment Area*—areas defined by CDFI which 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. For purposes of SSBCI, Treasury has determined that the entirety of American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands constitute a CDFI Investment Area.

*Corporation*—Louisiana Economic Development Corporation.

*Disabled Person's Business Enterprise*—a small business concern which is at least 51 percent owned and controlled by a disabled person, as defined by the federal Americans with Disabilities Act of 1990.

*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).

*Lead Lender*—the bank or other lender that makes or originates the loan with the borrower.

*LED*—Louisiana Department of Economic Development.

*LEDC*—Louisiana Economic Development Corporation.

*Lender*—also referred to herein as the *applicant/lender*; the Financial Institution originating the loan and providing the loan funds to the borrower.

*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*—the temporary provision of money or funds for a business purpose, usually for a limited term and requiring the payment of interest along with the repayment of the loaned funds. As used herein, the word *loan* includes a line of credit loan guarantee, term loan guarantee and loan participation.

*Loan Guaranty or Guarantee*—an agreement to pay the loan of another borrower, up to any limit in the amount guaranteed as provided in the agreement, in case the original borrower defaults in or is unable to comply with his repayment obligation.

*Loan Participation*—an agreement to participate as a lender in a loan or to acquire from the lender a share or ownership interest in a loan. A *purchase participation* or *purchase transaction* is one in which the State purchases a portion of a loan originated by a lender; and a *companion loan, a parallel loan, or a co-lending participation* is one in which the lender originates a loan and the state originates a second loan to the same borrower. (In the latter case, the State's second loan may be subordinate or co-equal to the first loan originated by the lender.) Loan participations enable the state to act as a lender, in partnership with a

financial institution lender, to provide small business loans at attractive terms.

*Permanent Full-Time Jobs*—refers to direct jobs which are not contract jobs, that are permanent and not temporary in nature, requiring employees to work an average of 30 or more hours per week.

*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*—as defined by SBA for purposes of size eligibility as set forth by 13 C.F.R. 121.

*Socially and Economically Disadvantaged Individual (SEDI) Owned Business*—(for the purposes of this program)

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 U.S. Executive Order 13985;

b. business enterprises that certify that they are owned and controlled by individuals whose residences are in CDFI investment areas, as defined in prevailing federal guidelines issued by the U.S. Treasury;

c. business enterprises that certify that they will operate a location in a CDFI investment area, as defined in prevailing federal guidelines issued by the U.S. Treasury; or

4. business enterprises that are located in CDFI Investment Areas, as defined in prevailing federal guidelines issued by the U.S. Treasury.

*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 48:1473 (June 2022), LR 48:1927 (July 2022).

### §505. Application Process

A. Any applicant/borrower(s) applying for either a loan, loan guarantee, line of credit guarantee, loan guaranty or loan participation will be required first to contact a financial lending institution (a bank or other commercial lending entity) that is willing to entertain, originate, process and service such a loan or line of credit with the prospect of a guaranty or a participation, and the lender will then contact LEDC for qualification and shall submit a complete application to LEDC for review and approval. The financial institution shall also be responsible for obtaining assurances of eligibility from each borrower.

B. Businesses applying for consideration as a SEDI owned business will have to self-certify under conditions in Clauses i -iii 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. Loan Purpose Requirements and Prohibitions. In addition to the application process provisions provided in the Section mentioned in the above Subsection A, in connection with each loan to be enrolled under this Chapter 3 program the financial institution lender shall also be responsible for obtaining and providing to LEDC with the lender's application an assurance from each borrower stating that the loan proceeds shall not be used for any impermissible purpose under the SSBCI program. And additionally, each financial institution lender must also obtain and provide to LEDC with its application under this Chapter 3 program an assurance from the borrower affirming:

1. The loan proceeds must 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 a 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. 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 lenders; or

c. a related interest of an 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 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 section 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."

D. The financial institution lender must also provide to LEDC with its application, in connection with each loan to be enrolled under this program, an assurance 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 unless under the following conditions:

a. a lender may refinance a borrower's existing loan, line of credit, extension of credit, or other debt originally made by an unaffiliated lender only if the following conditions are met:

i. the amount of the refinanced loan or other debt is at least 150 percent of the previous outstanding balance;

ii. the transaction results in a 30 percent reduction in the fee-adjusted APR contracted for the term of the new debt, to help ensure that SSBCI funding is used only for transactions that meaningfully benefit borrowers by providing access to sustainable products; and

iii. proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

b. a lender may use SSBCI funds to support a new extension of credit that repays the amount due on a matured loan or other debt that was previously used for an eligible business purpose when all the following conditions are met:

i. the amount of the new loan or other debt is at least 150 percent of the outstanding amount of the matured loan or other debt;

ii. the new credit supported with SSBCI funding is based on a new underwriting of the small business's ability to repay the loan and new approval by the lender;

iii. the prior loan or other debt has been paid as agreed and the borrower was not in default of any financial covenants under the loan or debt for at least the previous 36 months (or since origination, if shorter); and

iv. proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

3. No principal of the financial institution lender has been convicted of a sex offense against a minor (as such terms are defined in section 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.

E. The following submission and review policies shall be followed:

1. a completed Louisiana Economic Development Corporation application form must be submitted to LEDC;

2. small and emerging businesses (SEBs) applying for assistance under that provision 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;

3. businesses applying for consideration under the disabled person's business enterprise provision shall submit adequate information to support the disabled status;

4. the applicant/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 analysis and evaluation of the application, independent of the lending institution's analysis and evaluation;

5. the applicant/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;

6. LEDC staff will review the application and analysis, and then make recommendations. The staff will work with the applicant/lender on terms of the loan, including interest rate, maturity, collateral, other loan terms, and any LEDC loan stipulations or requirements;

7. the LEDC's board screening committee or the board's other designated committee will review only the completed applications submitted by LEDC staff and may approve or disapprove applications within its authority as established by the LEDC board, or will make recommendations to the LEDC board;

8. the applicant/borrower(s) or their designated representative, and the loan officer or a representative of the lending institution are not required to attend the board screening committee or other designated committee meeting unless requested by LEDC or its staff to do so;

9. the applicant/borrower(s) or their designated representative, and the loan officer or a representative of the

lending institution shall be required to attend the LEDC's board of directors meeting wherein the application will be considered by the board;

10. LEDC's board of directors, the board screening committee, or the board's other designated committee that has considered the application within its authority has the final approval authority for such applications.

11. the applicant/borrower or the lending institution will be notified within five business days by mail or e-mail of the outcome of the application process;

12. an LEDC commitment letter, including LEDC's terms, and any stipulations or requirements, will be mailed or e-mailed by LEDC staff to the lending institution within five business days of approval by the LEDC Board or its committee.

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 48:1474 (June 2022), LR 48:1928 (July 2022).

#### **§507. Eligibility/Ineligibility for Participation in This Program**

A. Funding requests for any business purpose may be considered, however, the following businesses and purposes shall be considered.

##### 1. Eligible:

a. small business concerns authorized to do and doing business in Louisiana, that maintain an office in Louisiana; 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

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

c. disabled person's business enterprises authorized to do and doing business in Louisiana, that maintain an office in Louisiana.

##### 2. Ineligible:

a. restaurants (except for regional or national franchises), including 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 having been in operations 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 as its business;

e. 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;

f. funding for the principal purpose of refinancing existing debt unless under the following conditions:

i. a lender may refinance a borrower's existing loan, line of credit, extension of credit, or other debt originally made by an unaffiliated lender only if the following conditions are met:

(a). the amount of the refinanced loan or other debt is at least 150 percent of the previous outstanding balance;

(b). the transaction results in a 30 percent reduction in the fee-adjusted APR contracted for the term of the new debt, to help ensure that funding is used only for transactions that meaningfully benefit borrowers by providing access to sustainable products; and

(c). proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

ii. a lender may use funds to support a new extension of credit that repays the amount due on a matured loan or other debt that was previously used for an eligible business purpose when all the following conditions are met:

(a). the amount of the new loan or other debt is at least 150 percent of the outstanding amount of the matured loan or other debt;

(b). the new credit supported with funding is based on a new underwriting of the small business's ability to repay the loan and new approval by the lender;

(c). the prior loan or other debt has been paid as agreed and the borrower was not in default of any financial covenants under the loan or debt for at least the previous 36 months (or since origination, if shorter); and

(d). proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

g. funding for the purpose of buying out any stockholder or equity holder by another stockholder or equity holder in a business;

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

i. funding for the purpose of buying out any family member or reimbursing any family member;

j. funding for the purpose of pyramid sales;

k. funding activities related either directly or indirectly to cryptocurrency.

B. In addition to the eligibility and ineligibility provisions above, applicant/borrowers lines of credit guarantees and loan guarantees in connection with this program shall meet the following criteria.

1. The applicant/borrower(s) shall employ 500 employees or less at the time the loan is enrolled in this program;

2. This credit support shall not be extended to applicant/borrower(s) that have more than 750 employees;

3. Any loan supported in this Program shall not exceed a principal amount of \$ 5,000,000;

4. Any credit extended through this Program shall not exceed a principal amount of \$ 20,000,000;

5. SSBCI funds utilized in this Chapter 3 Program will be permitted only for new extensions of credit; that is, funds of the SSBCI Program shall not be used to support existing extensions of credit, including but not limited to prior loans, lines of credit or other borrowing, that were previously made available as part of a state small business credit enhancement program unless under the following conditions:

a. a lender may refinance a borrower's existing loan, line of credit, extension of credit, or other debt originally made by an unaffiliated lender only if the following conditions are met:

i. the amount of the refinanced loan or other debt is at least 150 percent of the previous outstanding balance;

ii. the transaction results in a 30 percent reduction in the fee-adjusted APR contracted for the term of the new debt, to help ensure that SSBCI funding is used only for transactions that meaningfully benefit borrowers by providing access to sustainable products; and

iii. proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

b. a lender may use SSBCI funds to support a new extension of credit that repays the amount due on a matured loan or other debt that was previously used for an eligible business purpose when all the following conditions are met:

i. the amount of the new loan or other debt is at least 150 percent of the outstanding amount of the matured loan or other debt;

ii. the new credit supported with SSBCI funding is based on a new underwriting of the small business's ability to repay the loan and new approval by the lender;

iii. the prior loan or other debt has been paid as agreed and the borrower was not in default of any financial covenants under the loan or debt for at least the previous 36 months (or since origination, if shorter); and

iv. proceeds of the transaction are not used to finance an extraordinary dividend or other distribution.

6. Small Business Administration (SBA) guaranteed loans shall not be purchased in loan participations through this program.

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 48:1476 (June 2022), LR 48:1930 (July 2022).

#### **§509. General Loan Guaranty and Participation Provisions**

A. The Louisiana Economic Development Corporation will be guided by the following general principles in approving loan guaranties, line of credit guaranties, or loan participations.

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 financial institution's most recent call report showing the percentage of commercial loans in its portfolio.

2. The corporation shall not knowingly approve any loan guarantee, line of credit guarantee, or loan participation 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, line of credit, loan guarantee or participation 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 guarantee, line of credit guarantee, or participation 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.

3. The terms or conditions imposed and made part of any loan guarantee, line of credit guarantee, or loan participation authorized by vote of the corporation board, its board screening committee or its other designated committee shall not be amended or altered by any member of the board or employee of the Department of Economic Development except by subsequent vote of approval by the board, its board screening committee or other designated committee at the next meeting of the board or committee in open session with full explanation for such action.

4. Each financial institution 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.

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

#### **B. Interest Rates**

1. On all loans or lines of credit guarantees, the interest rate is for each individual loan, at the time of obligation, may 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(A)(vi)(I) and set by the NCUA board. . Further, on all loan or line of credit guarantees, the interest rate is to be negotiated between the borrower and the lender, but shall not exceed the lesser interest rate of either; the National Credit Union Administration's (NCUA) interest rate ceiling, that established by the Federal Credit Union Act (FCUA), that established by the Office of Comptroller of the Currency (OCC), or applicable State legislation that may be enacted.

#### **C. Equity Requirements**

1. The borrower must infuse not less than 15 percent into the equity in an existing or expanding business, or for a start-up operation or acquisition loan request.

#### **D. Limit on the Amount of LEDC's Guaranty**

1. The corporation's loan guaranty shall be no greater than 80 percent of a loan not to exceed a guaranty amount of \$1,500,000.

#### **E. Terms**

1. All of the provisions contained in §109.F.1.a. - c. of Chapter 1 of the Small Business Loan Guaranty Program, with regard to term periods of various types of loan guaranties, shall also apply to this Chapter 3 Program.

#### **F. LEDC Program Fees**

1. LEDC will charge a guaranty fee not to exceed a maximum amount of 2 percent of the guaranteed loan amount, except that:

- a. the guaranty program fee will be automatically waived for SEDI and SEB small business types; or
- b. unless the board, the board screening committee or other designated committee waives the guaranty program fee.

2. LEDC will charge no application fee.

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 48:1477 (June 2022), LR 48:1931 (July 2022).

#### **§511. General Guaranty Agreement Provisions**

##### **A. Guaranty Agreement**

1. The lending institution 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 loan or line of credit shall not be sold, assigned, participated out, or otherwise transferred without the prior written consent of the LEDC board.

3. If liquidation through foreclosure occurs, the lender will sell the collateral, handle the legal proceedings, and absorb all expenses associated with these activities.

4. There will be a reduction of the guarantee:

a. in proportion to the principal reduction of the amortized portion of the loan or line of credit;

b. if no principal reduction has occurred in any annual period of the loan or line of credit, a reduction in the guarantee amount will be made proportional to the remaining guarantee life.

5. The guarantee will cover the unpaid principal amount owed only.

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

#### B. Loan Participation Agreement

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

2. The lead lender will hold no less participation in the loan than that equal to LEDC's, but not to exceed its legal lending limit.

3. The lead lender may sell other participations with LEDC's consent.

4. Should liquidation through foreclosure occur, the lender will sell the collateral and handle the legal proceedings and absorb all expenses associated with these activities.

5. The lender is able to set its rate according to risk, and may blend its rate with the LEDC rate to yield a lower overall rate to a project.

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

#### C. Borrower Agreement

1. At the discretion of LEDC, the borrower will agree to strengthen management skills by participation in a form of continuing education acceptable to LEDC.

2. The borrower shall provide initial proof as well as an annual report of job creation, including the number of jobs, job titles and salaries.

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 48:1478 (June 2022), LR 48:1931 (July 2022).

#### §513. 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 48:1478 (June 2022), LR 48:1932 (July 2022).

#### §515. 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 48:1478 (June 2022), LR 48:1932 (July 2022).

#### §517. Guidelines

A. The Louisiana Economic Development Corporation (LEDC), or the Louisiana Department of Economic Development, also known as Louisiana Economic Development (LED), as the administrator of this program for LEDC, 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



# Small Business Loan Guaranty Program (SBLGP)

## 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.

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**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

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