

**OFFICE OF THE STATE REGISTER INSERTION ORDER** (eff.02/26)

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(SUBMIT A SEPARATE INSERTION ORDER PER DOCUMENT)

EMERGENCY RULE

NOTICE OF INTENT

RULE

POTPOURRI

Adoption Date of EMR: \_\_\_\_\_

Effective Date of EMR: \_\_\_\_\_

**REFER TO INSTRUCTIONS ON REVERSE SIDE**

This is your authority to publish the document indicated above in the *Louisiana Register* for (month, year): February 2026

Office/Board/Commission promulgating this document: Office of Economic Development and Louisiana Economic Development Corp

Department under which office/board/commission is classified: Louisiana Economic Development

Person whose signature will appear in the publication (at the end of the document): Name: Anne G. Villa

Job Title: Deputy Secretary/CFO

Person to contact regarding this document: Name: Leticia Johnson Phone number: 225) 342-6499

Email: Leticia.Johnson@la.gov Fax number: N/A

Short descriptive listing for this document to be used in the *Louisiana Register's* TABLE OF CONTENTS/INDEX:  
Small Business Loan and Guaranty Program

File name: \_\_\_\_\_

**Important:** If submitting both an Emergency Rule (ER) and a Notice of Intent (NOI) to be published this month, **AND** if the rule text in the ER is identical to the rule text in the NOI, check here:

Signature of Agency Head or Designee: Anne G. Villa

Digitally signed by Anne G. Villa  
Date: 2026.02.10  
09:30:28 -06'00'

Print Name and Title of Agency Head or Designee: Anne G. Villa, Deputy Secretary/CFO

**CERTIFICATION OF AVAILABLE FUNDS**

DOCUMENT # \_\_\_\_\_

**LAGOV AGENCY:** I certify the availability of appropriated funds for fiscal year 26 for the payment of the above referenced publication and authorize the processing of an Interagency Billing with the following coding on the 30th of the month of the publication. Attach supplemental sheet for additional lines of coding.

Business Area: 252 General Ledger: \_\_\_\_\_ Cost Center: 250101100 Grant: \_\_\_\_\_

Fund: 2500000000 WBS: \_\_\_\_\_ Internal Order: \_\_\_\_\_ Functional Area: \_\_\_\_\_

**NON-LAGOV AGENCY:** I certify the availability of appropriated funds for fiscal year 26 for the payment of the above referenced publication and agree to place corresponding invoice in line for payment upon receipt.

Signature of Agency Head or Designee: Kathy Blankenship  
Kathy.Blankenship (Feb 10, 2026 11:54:41 CST)

**Billing Contact Information:**

Agency Name: Louisiana Economic Development

Agency Contact Person for Billing: Taylor Richard

Agency E-Mail Address for Billing: Taylor.Richard@la.gov

**NOTE: Detailed billing information will be provided via a publishing invoice sent to the Billing Contact Information provided.**

## NOTICE OF INTENT

### Louisiana Economic Development and Louisiana Economic Development Corporation

(LAC19: VII Chapters 5)

Louisiana Economic Development, Office of Economic Development, and Louisiana Economic Development Corporation authorized by and pursuant to the provision of the Administrative Procedure Act, R.S. 49:950 et seq., LA R.S. 36:104, 36:108, and 51:2312 hereby gives notice of their intent to amend certain rules for the administration of the Small Business Loan and Guaranty Program (SBLGP).

In accordance with the Office of Governor Executive Order No. JML 25-038, LED reviewed and evaluated the SBLGP Program Rules and proposes amendment to better align regulations with the U.S. Treasury guidelines and the agency's mission.

#### Title 19 CORPORATION AND BUSINESS Part VII. Louisiana Economic Development Corporation Subpart 1. Small Business Loan Guaranty Program (SBLGP) Chapter 5. SSCBI Loan Guaranty ARPA 2021

#### §501. Purpose

- A. - B. ...
- C. Repealed
- D. Repealed

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), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

#### §503. Definitions

- A. - B ...

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*Double-dipping fees*—occurs when a lender issues new credit to refinance prior credit without forgiving a portion of the fee already paid resulting in the borrower paying a fee on top of a fee.

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*LED*—Louisiana Economic Development, formerly Louisiana Department of Economic Development.

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*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, and term loan guarantee.

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*Loan Guaranty Agreement*—the executed agreement between LEDC and a participating Lender specifying participation terms, loan parameters and other conditions for program compliance.

*Loan Participation*—[repeal]

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*Prepayment fees*—also referred to as Prepayment penalty, fee imposed upon the borrower when all or part of a loan is paid before the scheduled loan term ends.

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

\*\*\*

*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:

a.i.- c. ...

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

\*\*\*

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), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

## **§505. Application Process**

A. Any applicant/borrower(s) applying for either a line of credit guarantee or loan guaranty 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, 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. ...

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 5 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 5 program an assurance from the borrower affirming:

1. The loan proceeds must be used for an eligible business purpose. An eligible 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.

C.2. - D.1. ...

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; and

D.3. - E.10. ...

11. the applicant/borrower or the lending institution will be notified by mail or email of the outcome of the application process; and

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 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), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

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

A. - A.1.b. ...

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

d. in connection with the business purpose for the requested loan, for loans less than \$100,000, small business shall create or retain at least one full-time job; and, for loans greater than \$100,000, small business shall create or retain at least two full-time jobs, as directed and approved by LEDC.

A.2. - B.1...

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

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

4. Small Business Administration (SBA) guaranteed loans shall not be purchased 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), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

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

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

A.1. ...

2. The corporation shall not knowingly approve any loan guarantee or line of credit guarantee 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. Louisiana Economic Development Corporation (LEDC) may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under this program. Such determinations by LEDC shall be final.

3. The corporation shall not approve any loan, line of credit, or loan guarantee 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, unless LEDC determines, on a case-by-case basis, that the pending action does not materially affect the applicant's eligibility or the soundness of the loan.

4. The corporation shall not approve any loan, line of credit, or loan guarantee if the applicant/borrower has presently pending any legal proceeding involving a criminal violation other

than misdemeanor traffic violations. Further, the corporation shall not approve any loan guarantee or line of credit guarantee if the applicant/ borrower or his/her/its principal management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations, in which the applicant/borrower or his/hers/its principal management has not been reinstated into society

5. The terms or conditions imposed and made part of any loan guarantee or line of credit guarantee 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 Louisiana 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.

6. 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.

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

B. ...

1. On all loans or lines of credit guarantees, the interest rate is for each individual loan, 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. – C. 1. ...

2. Types of *Equity*:

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

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

D. Collateral

1. The value of the collateral shall be no less than the guaranteed portion of the loan.

2. The value of the collateral required for certified small and emerging businesses loans may be up to 80 percent.

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

4. Collateral Value Determination

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

b. The appraisal cannot be more than 90 days old, except for real estate loans, which cannot not be more than 6 months old.

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

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

b. equipment, machinery, inventory;

c. accounts receivable with supporting aging schedule; but not to exceed 80 percent of receivable value (to be used with personal guarantee only).

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

a. stock in applicant/borrower company and/or related companies;

b. personal items or borrower's primary residence; and

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

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

E. Limit on the Amount of LEDC's Guarantee

1. ...

F. Terms

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

a. for revolving lines of credit (RLOC) guarantee term periods may extend for up to and not exceed 3 years.

b. for equipment term loans guarantee term periods may extend for up to and not exceed **5** years.

c. for real estate term loans guarantee term periods may extend for up to and shall not exceed **7** years.

#### G. LEDC Program Fees

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

a. - b. ...

2. LEDC may charge an application fee of up to \$150, unless the board of directors, the board's designated committee, or LEDC staff waives the application fee.

#### H. Lender Fees

1. Lender fees shall be limited to that allowed under the United States Treasury SSBCI Capital Program Guidance. Lender fees shall be capped at \$500 for loans less than \$25,000 or may charge a program fee up to 2 percent for loans greater than \$25,000.

2. Lender fees shall not include prepayment penalties nor double dipping fees.

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), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

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

A. - A.3. ...

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

5. 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 ten business days after the end of each month as stated in the guaranty agreement.

#### B. General Loan Provisions

1. ...

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

3. 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.

4. Delinquency will be defined according to the lender's normal lending policy and all remedies will be outlined in the guaranty 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 ten business days after the end of the month/reporting period.

C. - C.2. ...

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), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

#### **§515. Conflict of Interest**

A. No member of the corporation, employee thereof, or employee of Louisiana 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), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

#### **§517. Guidelines**

A. The Louisiana Economic Development Corporation (LEDC), or Louisiana Economic Development, 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 Louisiana Economic Development Corporation, LR 48:1479 (June 2022), LR 48:1932 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

### **Family Impact Statement**

The proposed repeal of the Rule is not anticipated to have an impact on family formation, stability, and autonomy as described in R.S. 49:972.

### **Poverty Statement**

The proposed repeal of the Rule is not anticipated to have an impact on poverty as described in R.S. 49:973.

### **Provider Impact Statement**

The proposed repeal of the Rule is not anticipated to have an impact on providers of services as described in HCR 170 of the 2014 Regular Legislative Session.

### **Small Business Analysis**

The proposed repeal of the Rule is not anticipate to have a significant adverse impact on small businesses as described in R.S. 49:974.5.

### **Public Comments**

Interested persons should submit written comments on the proposed Rules to Shamelda Pete, Louisiana Economic Development, 100 North Street, 7th Floor, Baton Rouge, LA 70802 or via email to Shamelda.Pete@LA.GOV. All comments must be received no later than close of business day, March 31, 2026.

### **Public Hearing**

A meeting for the purpose of receiving the presentation of oral comments on the Notice of Intent will be held at 1:30 p.m. on April 2, 2026, in the LaBelle Conference Room at the LaSalle Building, 617 North 3rd Street, Baton Rouge, LA 70802. Individuals with disabilities who require special services should contact Dawn Thibodeaux at least two (2) working days in advance of the hearing. For assistance, call 225.342.3740 (voice and TDD) or email dawn.thibodeaux@la.gov.

Anne G. Villa  
Deputy Secretary/CFO, LED  
Secretary-Treasurer, Louisiana Economic Development Corporation

## 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), ~~amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:~~

### §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.

*Double-dipping fees*—occurs when a lender issues new credit to refinance prior credit without forgiving a portion of the fee already paid resulting in the borrower paying a fee on top of a fee.

*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 §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, formerly 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, and 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 Guaranty Agreement* - the executed agreement between LEDC and a participating Lender specifying participation terms, loan parameters and other conditions for program compliance.

~~*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.

*Prepayment fees*—also referred to as Prepayment penalty, fee imposed upon the borrower when all or part of a loan is paid before the scheduled loan term ends.

*Small and Emerging Business*—a Louisiana business certified as a Small and Emerging Business (SEB) by ~~the Department~~ Louisiana 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 3985;

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-d. 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), ~~amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:~~

## **§505. Application Process**

A. Any applicant/borrower(s) applying for either a ~~loan, loan guarantee, or~~ line of credit guarantee, ~~or~~ 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 35 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 35 program an assurance from the borrower affirming:

1. The loan proceeds must be used for ~~a~~ an eligible business purpose. ~~A~~ An eligible 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; **and 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; and

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), ~~amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:~~

### **§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; and

d. in connection with the business purpose for the requested loan, for loans less than \$100,000, small business shall create or retain at least one full-time job; and, for loans greater than \$100,000, small business shall create or retain at least two full-time jobs, as directed and approved by LEDC.

## 2. Ineligible:

a. restaurants (except for regional or national franchises), including grills, cafes, fast food operations, motorized vehicle, trailer, curbside, 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;

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;~~

~~3.2.~~ Any loan supported in this Program shall not exceed a principal amount of \$ 5,000,000;

4.3. 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.~~

6.4. 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), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

## §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; ~~or 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; ~~or 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.~~ Louisiana Economic Development Corporation (LEDC) may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under this program. Such determinations by LEDC shall be final.

3. The corporation shall not approve any loan, line of credit, or loan guarantee 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, unless LEDC determines, on a case-by-case basis, that the pending action does not materially affect the applicant's eligibility or the soundness of the loan.

4. The corporation shall not approve any loan, line of credit, or loan guarantee if the applicant/borrower has presently pending any legal proceeding involving a criminal violation other than misdemeanor traffic violations. Further, the corporation shall not approve any loan guarantee or line of credit guarantee if the applicant/ borrower or his/her/its principal management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations, in which the applicant/borrower or his/hers/its principal management has not been reinstated into society

3-5. The terms or conditions imposed and made part of any loan guarantee; ~~or 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 Louisiana~~ 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.

4.6. 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.

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

#### B. Interest Rate

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.

##### 2. Types of Equity:

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

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

#### D. Collateral

1. The value of the collateral shall be no less than the guaranteed portion of the loan.

2. The value of the collateral required for certified small and emerging businesses loans may be up to 80 percent.

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

##### 4. Collateral Value Determination

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

b. The appraisal cannot be more than 90 days old, except for real estate loans, which cannot not be more than 6 months old.

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

- a. fixed assets—business real estate, buildings, fixtures;
- b. equipment, machinery, inventory;
- c. accounts receivable with supporting aging schedule; but not to exceed 80 percent of receivable value (to be used with personal guarantee only).

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

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

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

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

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

#### **E.F. 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.~~ Maturity, collateral, and other loan terms shall be negotiated between the borrower and the applicant/lending institution, and the LEDC shall have an opportunity to approve the terms of such loans prior to the closing; but guaranty term periods with regard to various types of loan guaranties shall be limited as follows:

a. for revolving lines of credit (RLOC) guarantee term periods may extend for up to and not exceed 3 years.

b. for equipment term loans guarantee term periods may extend for up to and not exceed 5 years.

c. for real estate term loans guarantee term periods may extend for up to and shall not exceed 7 years.

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

1. LEDC ~~will~~ **may** 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~~ **may** charge ~~no~~ **an** application fee of up to \$150, unless the board of directors, the board's designated committee, or LEDC staff waives the application fee.

## **H. Lender Fees**

1. Lender fees shall be limited to that allowed under the UST SSBCI Capital Program Guidance. Lender fees shall be capped at \$500 for loans less than \$25,000 or may charge a program fee up to 2 percent for loans greater than \$25,000.
2. Lender fees shall not include prepayment penalties nor double dipping fees.

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), ~~amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:~~

## **§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.~~

~~5.4.~~ The guarantee will cover the unpaid principal amount owed only.

~~6.5.~~ 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~~ ten days after the end of ~~the month/reporting period~~ each month and as stated in the guarantee agreement.

## B. General Loan ~~Participation Agreement~~ Provisions

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.~~

~~4.2.~~ Should liquidation through foreclosure occur, the lender will sell the collateral and handle the legal proceedings and absorb all expenses associated with these activities.

~~5.3.~~ 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.

~~6.4.~~ Delinquency will be defined according to the lender's normal lending policy and all remedies will be outlined in the ~~participation guaranty~~ 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~~ ten 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), ~~amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:~~

## §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 Louisiana~~ 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), ~~amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:~~

### **§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 Louisiana Economic Development Corporation, LR 48:1479 (June 2022), LR 48:1932 (July 2022), ~~amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:~~

FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES

Person  
Preparing  
Statement: Leticia Johnson Dept.: Louisiana Economic Development  
and  
Louisiana Economic Development Corporation

Phone: (225) 342-3000 Office: Office of Economic Development

Return  
Address: 100 North Street, 7th Floor Rule  
Title: Small Business Loan Guaranty Program  
Baton Rouge, LA 70802

Date Rule  
Takes Effect: Upon promulgation

SUMMARY  
(Use complete sentences)

In accordance with Section 961 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, amend or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule change is not anticipated to result in any direct material effect on governmental expenditures or savings to state or local governmental units. To the extent the removal of the 750 job limit for credit support in the proposed rules results in additional credit extended to small businesses, this may increase utilization of existing federal budget authority within Louisiana Economic Development (LED), as additional federal State Small Business Credit Initiative (SSBCI) funds from ARPA 2021 may be deployed to support small businesses through the SSBCI Loan Guaranty Program. However, any administrative duties brought about by the proposed rule changes will be carried out utilizing the existing staff and resources of LA Economic Development (LED).

The proposed rule change amends the Small Business Loan Guaranty Program in an effort to extend additional credit to small businesses. The proposed amendments align the regulations with U.S. Treasury guidelines, the agency's mission, and further align with Title 19, Part VII, as required by the Office of the Governor Executive Order No. 25-038.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

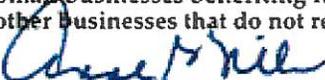
The proposed amendments are not anticipated to materially affect revenue collections for state or local governmental units. While the proposed rules introduce an application fee for the program of up to \$150, certain provisions of the amendments relax restrictions related to the 2 percent program fee collected. The guaranty fee and the application fee are capable of being waived for the program, and the guaranty fee continues to be mandatorily waived for socially and economically disadvantaged individual (SEDI) owned businesses and very small businesses (VSB).

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

Applicants/borrowers, small businesses, and lenders participating in the program will be affected by the proposed action. The proposed amendment to the rule removed and changed certain regulations for lending institutions and the use of funds for applicants/borrowers. To the extent these amendments extend additional credit to small businesses, program participants may receive additional benefits. Additionally, the proposed rules introduce an optional application fee for the program of up to \$150, and certain provisions of the amendments relax restrictions related to the 2 percent program fee collected. However, the proposed rules continue to allow the guaranty fee to be waived and mandate that the fee be waived for SEDI owned businesses and VSBs.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Small businesses benefiting from the program are anticipated to gain a competitive advantage over other businesses that do not receive the program's benefits.

  
\_\_\_\_\_  
Signature of Head or Designee

  
\_\_\_\_\_  
Legislative Fiscal Officer or Designee

Anne G. Villa, Deputy Secretary/CFO  
\_\_\_\_\_  
Typed Name & Title of Agency Head or Designee

2/9/2026  
\_\_\_\_\_  
Date of Signature

2/9/26  
\_\_\_\_\_  
Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberation on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or amend) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or amend (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

The proposed rule change amends the Small Business Loan Guaranty Program, which uses federal SSBCI funds to strengthen the 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. Further, Louisiana Economic Development Corporation (LEDC) uses the 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 SEDI and Small and Emerging Businesses (SEB).

- B. Summarize the circumstances, which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

The purpose of this regulation is to implement the Administrative Rules and Regulations of the Office of the Governor Executive Order No. JML 25-038 and to align regulations with U.S. Treasury guidelines and the agency's mission.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

The proposed rule changes are not anticipated to result in an increase of expenditures for the state. To the extent the removal of the 750 job limit for credit support in the proposed rules results in additional credit extended to small businesses, this may increase utilization of existing federal budget authority within LED, as additional federal SSBCI funds from ARPA 2021 may be deployed to support small businesses through the SSBCI Loan Guaranty Program. However, LED's current appropriation of Federal Funds is anticipated to cover any additional credit extended by the rule change.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase? **Not applicable**

(a) \_\_\_\_\_ YES. If yes, attach documentation.

(b) \_\_\_\_\_ NO. If no, provide justification as to why this rule change should be published at this time

- D. Compliance with Act 98 of the 2025 Regular Session

- (1) Will the proposed rule change result in either the expenditure of state funds or an economic impact involving costs to regulated entities estimated at \$200,000 or more per year or \$600,000 or more over three years?

(a) \_\_\_\_\_ YES. (proceed to question D.2 on this page)

(b)   X   NO.

- (2) If the answer to (1) above is yes, was there a fiscal note for the enacted legislation that required this action (attach documentation)? **Not applicable**

(a) \_\_\_\_\_ YES, and all cost impacts were contemplated in the Fiscal Note.

(b) \_\_\_\_\_ YES, but cost impacts exceed those contemplated in the Fiscal Note.

(c) \_\_\_\_\_ NO.

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

**I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED**

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

<b>COSTS</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
PERSONAL SERVICES	\$0	\$0	\$0
OPERATING EXPENSES	\$0	\$0	\$0
PROFESSIONAL SERVICES	\$0	\$0	\$0
OTHER CHARGES	\$0	\$0	\$0
EQUIPMENT	\$0	\$0	\$0
MAJOR REPAIR & CONSTR.	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>POSITIONS (#)</b>	<b>0</b>	<b>0</b>	<b>0</b>

2. Provide a narrative explanation of the costs or savings shown in "A. 1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

The proposed rule change is not anticipated to result in any direct material effect on governmental expenditures or savings for state or local governmental units. To the extent the removal of the 750 job limit for credit support in the proposed rules results in additional credit extended to small businesses, this may increase utilization of existing federal budget authority within LED, as additional federal SSBCI funds from ARPA 2021 may be deployed to support small businesses through the SSBCI Loan Guaranty Program. However, any administrative duties brought about by the proposed rule changes will be carried out utilizing the existing staff and/or resources at LED.

3. Sources of funding for implementing the proposed rule or rule change.

<b>SOURCE</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
STATE GENERAL FUND	\$0	\$0	\$0
AGENCY SELF-GENERATED	\$0	\$0	\$0
DEDICATED	\$0	\$0	\$0
FEDERAL FUNDS	\$0	\$0	\$0
OTHER (Specify)	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

**Yes, the agency currently has sufficient funds to implement this action.**

**B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.**

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

**There will be no costs or savings to local governmental units from the actions of the proposed rule change.**

2. Indicate the sources of funding of the local governmental unit, which will be affected by these costs or savings.

**No sources of funding of local government will be affected.**

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

**II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS**

A. What increase (decrease) in revenues can be anticipated from the proposed action?

REVENUE INCREASE/DECREASE	FY 26	FY 27	FY 28
STATE GENERAL FUND	\$0	\$0	\$0
AGENCY SELF-GENERATED	\$0	\$0	\$0
DEDICATED	\$0	\$0	\$0
FEDERAL FUNDS	\$0	\$0	\$0
LOCAL FUNDS	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Specify the particular fund being impacted.

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

The proposed amendment is not anticipated to materially affect revenue collections for state or local governmental units. While the proposed rules introduce an application fee for the program of up to \$150, certain provisions of the amendments relax restrictions related to the 2 percent program fee collected. The guaranty fee and the application fee are capable of being waived for the program, and the guaranty fee continues to be mandatorily waived for socially and economically disadvantaged individual (SEDI) owned businesses and very small businesses (VSB).

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

**III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS**

- A. What persons, small businesses, or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

**Applicants/borrowers, small businesses, and lenders participating in the program will be affected by the proposed action. The proposed amendment to the rule removed and changed certain regulations for lending institutions and the use of funds for applicants/borrowers.**

- B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

**To the extent these amendments extend additional credit to small businesses, program participants may receive additional benefits. Additionally, the proposed rules introduce an optional application fee for the program of up to \$150, and certain provisions of the amendments relax restrictions related to the 2 percent program fee collected. However, the proposed rules continue to allow the guaranty fee to be waived and mandate that the fee be waived for SEDI owned businesses and VSBs.**

**IV. EFFECTS ON COMPETITION AND EMPLOYMENT**

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

**Small businesses benefiting from the program are anticipated to gain a competitive advantage over other businesses that do not receive the program's benefits.**