

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:

Collateral Support 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:

Digitally signed by Anne

G. Villa

Date: 2026.02.10

09:29:31 -06'00'

Signature of Agency Head or Designee: Anne G. Villa

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 11:53:58 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 Chapter 91)

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 Collateral Support Program (CSP).

In accordance with the Office of Governor Executive Order No. JML 25-038, LED reviewed and evaluated the CSP 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 13. Collateral Support Program Chapter 91. SSBCI Collateral Support Program ARPA 2021

§9101. Purpose

A. ...

B. Through The American Rescue Plan Act of 2021, which reauthorized the State Small Business Credit Initiative (SSBCI), the U.S. Congress has appropriated funds to be allocated and disbursed to the states that have created programs to increase the amount of capital made available by private lenders to small businesses, and the State of Louisiana has been approved to receive and disburse SSBCI funds within the SSBCI Program. Louisiana Economic Development (LED), which will be working with and through the LEDC, has been designated to provide services for the SSBCI, including the collateral support program (CSP), which by LEDC collateral deposit agreement between LEDC and the lender, will provide for the LEDC to place a cash deposit with the lender to make additional capital available for a portion of the loan, and to serve as cash collateral for a portion of the loan. The Louisiana Economic Development Corporation (LEDC), working with LED, will utilize SSBCI funds to increase access to credit and capital funding to further assist small businesses statewide, to expand loan capabilities to a broader range of businesses statewide, to direct a greater concentration on those small businesses, and to reach, identify and promote small business growth in low and moderate income communities, in minority communities, in other underserved communities, and to small businesses owned by socially and economically disadvantaged individuals across our state.

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

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

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

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1460 (June 2022, LR 48:1905 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9103. Definitions

A. – B. ...

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

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 depository credit union, or depository community development financial institution, as those terms are defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

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

LEDC CSP Loan and Deposit Agreement—[repeal]

Lender—an insured depository institution, insured depository credit union, or depository community development financial institution, as those terms are each defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702) which is experienced in the making of loans to businesses of the type provided for under the CSP, has an office and business operations in the State of Louisiana, and is regulated by the Office of the Comptroller of the Currency (including by merger, the Office of Thrift Supervision), the Federal Reserve Board, the Louisiana Department of Finance or similar regulatory agency. All lenders must execute a lender collateral deposit agreement with LEDC; and is the entity that will make or originate the accepted eligible loan with the eligible borrower under this program.

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

Master Lender CSP—[repeal]

Participating Lender—[repeal]

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—[repeal]

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 48:1480 (June

2022), LR 48:1921 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9105. Application Process

A. Any applicant/borrower(s) applying for either a loan or a line of credit will be required first to contact a CSP financial lending entity that is willing to entertain, originate, process and service such a loan or line of credit with the prospect of an LEDC cash collateral deposit, and the lender will then contact LEDC for qualification and shall submit a complete application to LEDC for its review, approval and acceptance. The financial lender shall also submit to LEDC the lender's assurances, certifications, representations and warranties, and shall be responsible for obtaining and submitting to LEDC assurances of eligibility, including certifications, representations and warranties from each borrower, all as required by the American Rescue Plan Act of 2021 and the SSBCI.

B – C. ...

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

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

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

b. A small business concerns, including very small businesses.

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

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

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

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

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

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

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

7. The lender will be notified by e-mail of the outcome of the application process.

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

C.8.a. – D. ...

1. Lender shall notify LEDC of its loan closing and provide draft loan closing documents for review at least five business days prior to the closing date.

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

a. 100 percent of the approved cash collateral deposit to the Lender will be funded once the CSP agreement, deposit account agreement, signature cards, and any other applicable deposit account documents have been executed.

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

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

E. Loan Purpose Requirements and Prohibitions. In addition to the application process provisions provided above, and in connection with each and any loan (including a line of credit loan) that the lender requests be approved and accepted by LEDC to be enrolled under this program, the lender shall also be responsible for obtaining and providing LEDC with the lender's application assurances and certifications as well as application assurances and certifications from each applicant/borrower stating that the loan proceeds shall not be used for any impermissible

purpose under the SSBCI program, and the loan proceeds shall be used for an eligible business purpose, as that term is defined in §9107. A hereinafter; and additionally:

E.1. – F. ...

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 48:1487 (June 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9107. Eligibility/Ineligibility for Participation in this Program

A. – D.1. ...

2. very small businesses that maintain an office in Louisiana;

3. – 4. ...

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1465 (June 2022, LR 48:1910 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:.

§9109. General Lender Provisions

A. – A.1. ...

2. The corporation shall not knowingly approve any loan (or line of credit loan) if the applicant/borrower has presently pending or outstanding any claim or liability relating to failure or inability to pay promissory notes or other evidence of indebtedness, state or federal taxes, or a bankruptcy proceeding. The corporation may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under the program. Such determination by the corporation shall be final.

3. The corporation shall not knowingly approve any loan (or line of credit loan) if the applicant/borrower has presently pending, at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit or any legal proceeding involving a criminal violation other than misdemeanor traffic violations. The corporation may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under the program. Such determination by the corporation shall be final.

4. Further, the corporation shall not approve any loan if the applicant/borrower or his/her/its principle management has a criminal record showing convictions for any criminal violations other

than misdemeanor traffic violations in which the applicant/borrower or his/her/its principle management has not been reinstated into society.

5. The terms or conditions imposed and made part of any loan (or line of credit) authorized by vote of the corporation's board, or its designated board committee, or LEDC staff shall not be amended or altered by any member of the board or employee of the LEDC or Louisiana Economic Development except by subsequent vote of approval by the board, or designated board committee at the next meeting of the board or committee in open session with full explanation for such action.

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

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

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

C. – F.1. ...

a. for equipment term loans, collateral support term periods may extend for up to and not exceed five years.

b. for Revolving Lines of Credit (RLOC - revolving and non-revolving), collateral support term periods may extend for up to and not exceed three years.

c. for Non-Revolving Lines of Credit (NRLOC), term periods may extend for up to and not exceed three years.

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

G. ...

1. 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.

2. LEDC will waive the application fee for SEDI and VSB business type.

H. Lender Fees

1. Lender fees shall be limited to that allowed under the U.S. Treasury's 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.

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

1. – 3. ...

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

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1466 (June 2022), LR 48:1911 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9111. General Agreement Provisions

A. Collateral Deposit Agreement

1. – 3. ...

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

5. ...

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

7. If default by borrower continues for more than 90 calendar days in making payment, when due, of any installment of principal or interest on any note, the lender may demand in writing to LEDC to release the funds in the deposit account by submitting a completed, signed and dated claim form notifying LEDC of the default reasonably describing the circumstances of the default. Once the release is requested, the lender may begin their standard collection and liquidation process.

8. – 9. ...

B. LEDC Collateral Deposit Agreement

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

2. – 3. ...

4. The LEDC's cash collateral deposit will secure and cover up to no more than 25 percent or 50 percent (depending on the principal amount of the Loan) on the unpaid balance on the principal amount owed only.

5. – C. ...

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1467 (June 2022), LR 48:1912 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9117. Guidelines

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

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

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

Chapter 91. SSBCI Collateral Support Program ARPA 2021

§9101. Purpose

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

B. Through The American Rescue Plan Act of 2021, which reauthorized the State Small Business Credit Initiative (SSBCI), the U.S. Congress has appropriated funds to be allocated and disbursed to the states that have created programs to increase the amount of capital made available by private lenders to small businesses, and the State of Louisiana has been approved to receive and disburse SSBCI funds within the SSBCI Program. ~~The Louisiana Department of Economic Development (LED)~~, which will be working with and through the LEDC, has been designated to provide services for the SSBCI, including the collateral support program (CSP), which by ~~a master lender CSP participation agreement previously entered into, and an~~ LEDC collateral CSP loan and deposit agreement, ~~each~~ between LEDC and the lender, will provide for the LEDC to place a cash deposit with the lender to make additional capital available for a portion of the loan, and to serve as cash collateral for a portion of the loan. The Louisiana Economic Development Corporation (LEDC), working with LED, will utilize SSBCI funds to increase access to credit and capital funding to further assist small businesses statewide, to expand loan capabilities to a broader range of businesses statewide, to direct a greater concentration on those small businesses, and to reach, identify and promote small business growth in low and moderate income communities, in minority communities, in other underserved communities, and to small businesses owned by socially and economically disadvantaged individuals across our state.

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

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

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

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1460 (June 2022, LR 48:1905 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9103. Definitions

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

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

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

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

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

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

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

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

- a. owns, controls, or has the power to vote 20 percent or more of any class of voting securities or interests of the other person;
- b. controls in any manner the election or appointment of a majority of the directors or management of the person; or
- c. has the power to exercise a controlling influence over the management or policies of the other person.

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

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

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

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

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

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

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

Corporation—the Louisiana Economic Development Corporation (LEDC).

CSP—the Collateral Support Program.

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

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

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

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

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.

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

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

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 **depository** credit union, or **depository** community development financial institution, as those terms are defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

LED—~~the Louisiana Department of~~ Economic Development (LED), formerly Louisiana Department of Economic Development.

LEDC—the Louisiana Economic Development Corporation (LEDC).

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

Lender—an insured depository institution, insured **depository** credit union, or **depository** community development financial institution, as those terms are each defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702) which is experienced in the making of loans to businesses of the type provided for under the CSP, has an office and business operations in the State of Louisiana, and is regulated by the Office of the Comptroller of the Currency (including by merger, the Office of Thrift Supervision), the Federal Reserve Board, the Louisiana Department of Finance or similar regulatory agency. All **participating** lenders must execute a lender **Participation collateral deposit** agreement with LEDC; and is the entity that will make or originate the accepted eligible loan with the eligible borrower under this program.

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

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

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

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

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

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

~~*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.~~

Program—the collateral support program.

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

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

Socially and Economically Disadvantaged Individual (SEDI) Owned Business—

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

i. membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society;

ii. gender;

- iii. veteran status;
 - iv. limited English proficiency;
 - v. physical handicap;
 - vi. long-term residence in an environment isolated from the mainstream of American society;
 - vii. membership of a federally or state-recognized Indian tribe;
 - viii. long-term residence in a rural community;
 - ix. residence in a U.S. Territory;
 - x. residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or
 - xi. membership of another underserved community as defined in Executive Order 13985;
- b. business enterprises that certify that they are owned and controlled by individuals whose residences are in CDFI investment Areas, as defined by Treasury for the SSBCI Program;
 - c. business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined by Treasury for the SSBCI Program; or
 - d. business enterprises that are located in CDFI investment areas, as defined by the U.S. Treasury for the SSBCI Program.

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1461 (June 2022, LR 48:1906 (July 2022)), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9105. Application Process

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

responsible for obtaining and submitting to LEDC assurances of eligibility, including certifications, representations and warranties from each borrower, all as required by the American Rescue Plan Act of 2021 and the SSBCI.

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

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

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

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

~~3.2.~~ The borrower's completed Louisiana Economic Development Corporation CSP loan packet must be submitted by the lender to LEDC to include:

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

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

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

d. ~~t~~The ~~participating~~ lender shall submit to LEDC its complete analysis and evaluation, proposed loan structure, and commitment letter to the borrower. LEDC staff may do its own review and evaluation of the application packet. The ~~participating~~ lender shall submit to LEDC the same pertinent data that it submitted to the lending institution's loan committee, whatever pertinent data the lending institution can legally supply.

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

~~4.3.~~ LEDC staff will review the application and analysis, and then approve and accept or disapprove and reject the application, if the dollar amount of the loan is within the staff's board approved authority, or make recommendations to the board committees and to the board for approval and acceptance or disapproval and rejection.

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

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

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

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

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

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

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

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

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

2.1. Lender shall notify LEDC of its loan closing and provide draft loan closing documents for review at least five business days prior to the closing date.

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

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

~~two business days) and the remaining approved collateral deposit support will be deposited within 30 calendar days after LEDC is notified by lender in writing of a default against the lender's loan and a request for the additional funding. 100 percent of the approved cash collateral deposit to the Lender will be funded once the CSP agreement, deposit account agreement, signature cards, and any other applicable deposit account documents have been executed.~~

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

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

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

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

2. The loan proceeds will not be used to:

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

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

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

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

3. The borrower is not:

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

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

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

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

4. The borrower is not:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1462 (June 2022, LR 48:1908 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9107. Eligibility/Ineligibility for Participation in this Program

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1465 (June 2022, LR 48:1910 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9109. General Lender Provisions

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

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

2. The corporation shall not knowingly approve any loan (or line of credit loan) if the applicant/borrower has presently pending or outstanding any claim or liability relating to failure or inability to pay promissory notes or other evidence of indebtedness, state or federal taxes, or a bankruptcy proceeding. ~~The corporation may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under the program. Such determination by the corporation shall be final.; nor shall the corporation approve any loan if the applicant/borrower has presently pending, at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit or any legal proceeding involving a criminal violation other than misdemeanor traffic violations. Further, the corporation shall not approve any loan if the applicant/borrower or his/her/its principle management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant/borrower or his/her/its principle management has not been reinstated into society.~~

3. ~~The corporation shall not knowingly approve any loan (or line of credit loan) if the applicant/borrower has presently pending, at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit or any legal proceeding involving a criminal violation other than misdemeanor traffic violations. The corporation may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness~~

or liabilities warrants eligibility under the program. Such determination by the corporation shall be final.

~~2-4.~~ Further, the corporation shall not approve any loan if the applicant/borrower or his/her/its principle management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant/borrower or his/her/its principle management has not been reinstated into society.

~~3-5.~~ The terms or conditions imposed and made part of any loan (or line of credit) authorized by vote of the corporation's board, or its designated board committee, or LEDC staff shall not be amended or altered by any member of the board or employee of the LEDC or ~~the Department of Louisiana Economic Development~~ except by subsequent vote of approval by the board, or designated board committee at the next meeting of the board or committee in open session with full explanation for such action.

~~4-6.~~ Each ~~participating~~ lender shall be required to have a meaningful amount of its own capital resources at risk in each small business loan included in this program. Such lenders shall bear at least 20 percent or more of the loss from a small business loan default. The LEDC accepted loan (including line of credit loan) enrolled into this program shall not be sold, assigned to, or participated with other lenders (within lender's 20 percent risk interest, as described above), or otherwise transferred by lender without the prior written consent of the LEDC board.

~~5-7.~~ The corporation shall not subordinate its position to other creditors.

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

C. Borrower's Collateral

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

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

3. Borrower's Collateral Value Determination

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

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

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

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

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

b. business equipment, machinery, inventory;

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

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

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

b. personal items or borrower's primary residence;

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

d. leasehold improvements.

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

D. Equity Requirements

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

2. Equity is defined to be:

a. cash;

b. paid-in capital;

c. paid-in surplus and retained earnings; or

d. partnership capital and retained earnings.

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

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

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

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

F. Terms

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

a. for equipment term loans, **collateral support** term periods may extend for up to and not exceed five years.

b. for Revolving Lines of Credit (RLOC - **revolving and non-revolving**), **collateral support** term periods may extend for up to and not exceed three years.

c. for Non-Revolving Lines of Credit (NRLOC), term periods may extend for up to and not exceed ~~two~~ **three** years.

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

G. LEDC Program Fees

1. LEDC may charge an ~~\$100~~ application fee **of up to \$150**, unless the board of directors, the board's designated committee, or LEDC staff waives the application fee.

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

2. LEDC will waive the application fee for SEDI and VSB business types.

H. Lender Fees

1. Lender fees shall be limited to that allowed under the U.S. Treasury's 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.

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

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

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

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

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

~~a. exceeds 25 percent of the total loan;~~

~~b. a. pays off a creditor or creditors who are inadequately secured;~~

~~c. provides funds to pay off a debt to principals of the borrower business; and/or~~

~~d. provides funds to pay off family members.~~

~~5.4.~~ Loan funds may not be used to buy out stockholders or equity holders of any kind, by any other stockholder or equity holder.

~~6.5.~~ Loan funds may not be used to purchase any speculative investment or for real estate development.

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1466 (June 2022), LR 48:1911 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§9111. General Agreement Provisions

A. ~~Master Lender CSP Participation~~ Collateral Deposit Agreement

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

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

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

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

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

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

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

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

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

B. ~~LEDC CSP Loan and Deposit~~ LEDC Collateral Deposit Agreement

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

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

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

(or line of credit), a reduction in the cash collateral deposit amount may be made in proportion to the remaining life of the loan or line of credit.

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

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

C. Reporting

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1467 (June 2022), LR 48:1912 (July 2022), ~~amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:~~

§9113. Confidentiality

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

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

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

§9115. Conflict of Interest

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

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

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

§9117. Guidelines

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1469 (June 2022), LR 48:1914 (July 2022), ~~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: Collateral Support 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 proposed rules entice additional lenders to participate in the program, 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 Collateral Support Program. However, any administrative duties brought about by the proposed rule changes will be carried out utilizing the existing staff and resources of LED. LED indicates the program has historically waived the application fees for program participants. However, should application fees be collected in the future, those fees would be utilized to assist with funding the program.

The proposed rule change amends the Collateral Support Program in an effort to entice additional lenders to participate in the program. The proposed amendments align regulations with U.S. Treasury guidelines, the agency's mission, and further align with 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 increase the application fee for the program from a flat \$100 fee to a potential fee of up to \$150, a two percent program fee is eliminated. The application fee is capable of being waived for the program and is required to be waived for socially and economically disadvantaged individual (SEDI) owned businesses and very small businesses (VSB) applications. LED indicates the program has historically waived application fees for program participants. However, the ability to collect application fees for certain applicants remains in the proposed rules.

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 rules. The proposed amendment to the rule removed and changed regulations and procedures for lending institutions and the use of funds for applicants/borrowers. Affected program participants may receive additional benefits as these amendments are anticipated to entice additional lenders to participate in the program and may result in additional collateral support for participating small businesses. Additionally, the proposed rules increase the maximum amount of an application fee that may be charged to applicants and eliminate the two percent program fee. However, the proposed rules continue to allow the fee to be waived and mandate that the fee be waived for SEDI owned businesses and VSB applications.

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

Anne G. Villa, Deputy Secretary / CFO

Typed Name & Title of Agency Head or Designee

2/9/2026

Date of Signature



Legislative Fiscal Officer or Designee

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 Collateral Support Program, which uses federal SSBCI funds for programs to increase the amount of capital made available by private lenders to small businesses. This program provides for the Louisiana Economic Development Corporation (LEDC) to place a cash deposit with a lender to make additional capital available for a portion of a loan and to serve as cash collateral for a portion of a loan. Further, 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 in low and moderate income communities, in minority communities, in other underserved communities, and to small businesses owned by socially and economically disadvantaged individuals across our state.

- 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 proposed rules entice additional lenders to participate in the program, this may increase utilization of existing federal budget authority within LED as additional federal State Small Business Credit Initiative (SSBCI) funds from ARPA 2021 may be deployed to support small businesses through the Collateral Support Program. However, LED's current appropriation of Federal Funds is anticipated to cover any increase in the funds disbursed brought about 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?

COSTS	FY 26	FY 27	FY 28
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
TOTAL	\$0	\$0	\$0
POSITIONS (#)	0	0	0

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 proposed rules entice additional lenders to participate in the program, this may increase utilization of existing federal budget authority within LED, as additional federal State SSBCI funds from ARPA 2021 may be deployed to support small businesses through the Collateral Support Program. However, any administrative duties brought about by the proposed rule changes will be carried out utilizing the existing staff and resources of LED. LED indicates the program has historically waived the application fees for program participants. However, should application fees be collected in the future, those fees would be utilized to assist with funding the program.

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

SOURCE	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
OTHER (Specify)	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0

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
TOTAL	\$0	\$0	\$0

*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 amendments are not anticipated to materially affect revenue collections for state or local governmental units. While the proposed rules increase the application fee for the program from a flat \$100 fee to a potential fee of up to \$150, a two percent program fee is eliminated. The application fee is capable of being waived for the program and is required to be waived for SEDI owned businesses and VSB applications. LED indicates the program has historically waived application fees for program participants. However, the ability to collect application fees for certain applicants remains in the proposed rules.

**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 regulations and procedures 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.

Affected persons may receive additional benefits as these amendments are anticipated to entice additional lenders to participate in the program and may result in additional collateral support for participating small businesses. Additionally, the proposed rules increase the maximum amount of an application fee that may be charged to applicants and eliminate a 2 percent the percent program fee. However, the proposed rules continue to allow the application 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.