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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**:
Micro Lending Program

File name: _____

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

Signature of Agency Head or Designee: Anne G. Villa Digitally signed by Anne G. Villa Date: 2026.02.10 09:29:05 -06'00'

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

CERTIFICATION OF AVAILABLE FUNDS **DOCUMENT #** _____

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

Business Area: 252 General Ledger: _____ Cost Center: 250101100 Grant: _____

Fund: 2500000000 WBS: _____ Internal Order: _____ Functional Area: _____

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

Signature of Agency Head or Designee: Kathy Blankenship
Kathy Blankenship (Feb 10, 2026 11:53:07 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 76)

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 Micro Lending Program (MLP).

In accordance with the Office of Governor Executive Order No. JML 25-038, LED reviewed and evaluated the MLP 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 9. Micro Loan Program
Chapter 76. SSCBI Micro Lending Program ARPA 2021

§7601. Purpose

A. …

B. Through the American Rescue Plan Act of 2021, which reauthorized the State Small Business 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 LEDC, has been designated to provide services for the SSBCI, including the Micro Lending Program (MLP), which by a Program Participation Agreement previously entered into, between LEDC and a participating Lender makes additional capital available for eligible loans.

C. The LEDC will utilize SSBCI funds to increase access to credit and capital funding to further assist small businesses statewide, to expand loan capabilities to a broader range of businesses statewide, to direct a greater concentration to those small businesses, and to reach, identify and promote small business growth 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.

D. By partnering with Louisiana CDFIs and other qualifying lenders who share a similar mission driven focus consistent with the purpose of this program, LEDC will provide funding to

participating CDFIs, and other qualifying lenders having been approved as a participating lender, for the purpose of making direct loans to small businesses meeting the SSBCI criteria as outlined in the Micro Lending Program's Participation Agreement.

E. Interested small businesses will be referred to participating Lenders for loan qualification purposes. Participating Lenders will apply to LEDC for acceptance to enroll a loan or line of credit under the Program on behalf of their qualified small business borrowers. Participating Lenders are responsible for their own credit underwriting decisions and originating the loans. LEDC's responsibility is: to ensure compliance with the Micro Lending Program requirements; ensure compliance with the SSBCI requirements as directed by Treasury, as well as participation in the program; and to report to the U.S. Treasury.

F. In considering acceptance of the loans presented to LEDC through Lenders having agreed to participate in the Micro Lending Program, 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 loan participations carry certain risks and are willing to undertake reasonable exposure.

G. 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 48:1479 (June 2022), LR 48:1920 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7603. Definitions

A. – B…

***

Confessions of Judgment—a clause with a contract between a lender and borrow, permitting a lender to enforce a debt and obtain a court judgment without a trial

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 Loan—a loan or line of credit commitment made by the lender to the borrower which meets the established SSBCI criteria and complies with the Micro Lending Program requirements and U.S. Treasury requirements.

***

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

***

Micro Loans—short-term, low-interest rate loans originated under the Micro Lending Program. Loan limits are determined by LEDC and stated in the program participation agreement.

Micro Lending Participation Agreement—also referred to herein as the Program Participation Agreement*;* the executed agreement between LEDC and a participating Lender specifying participation terms, loan parameters and other conditions for program compliance.

Micro Lending Program (MLP)—an Other Credit Support OSCP Program (OCSP) approved by U.S. Treasury which is the subject of this Chapter

***

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.

***

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:

§7605. Application Process

A. – C.2. …

3. submit executed lender and borrower assurances, certifications and information reasonably required by the corporation and related to the loan to be enrolled. The loan shall be deemed enrolled in the SSBCI Micro Lending Program at such time as the program enrollment application is accepted, in writing, by LEDC.

D. The following micro lending program submission and review policies shall be followed.

1. …

2. The participating lender is expected to use its best efforts to provide small Louisiana businesses and SEDI with maximum practicable opportunity to participate in the micro lending program.

3. – 5. …

6. Businesses applying for consideration as a SEDI owned business will have to self-certify under conditions in Paragraphs a - c as noted above in §7603 under SEDI-owned business definition.

7. …

8. LEDC staff will review the enrollment application for completeness and compliance requirements as required by U.S. Treasury under the SSBCI program and then approve and accept as an enrolled loan or disapprove and reject the enrollment application, if the dollar amount of the loan is within its board approved authority, or make recommendations to the board committees and to the board for approval and acceptance as an enrolled loan or disapproval and rejection under the micro lending program.

9. – 10. …

11. LEDC's board of directors, the board screening committee, or the board's other designated committee that has considered the enrollment application within its authority may approve or deny such enrollment applications, except for those loans which shall be within the staff's authority to approve and accept for enrollment or disapprove, as established by the LEDC board; the staff shall have the final approval of acceptance as an enrolled loan under the program or disapproval and denial authority, unless the board overrules the staff's decision.

12. The LEDC staff will report to the board monthly those loans accepted for enrollment under the program.

13. …

14. LEDC staff will email the Lender written notice that the enrollment application has been approved and accepted as an enrolled loan under the micro lending program.

E. Loan Purpose Requirements and Prohibitions. In addition to the application process provisions provided in the Section mentioned in the above subparagraph A, in connection with each loan to be enrolled under this Chapter the lender shall also be responsible for obtaining and providing to LEDC with the lender's enrollment application an assurance from each borrower stating that the loan proceeds shall not be used for any impermissible purpose under the SSBCI Program. And additionally, each lender must also obtain and provide to LEDC with its enrollment application under this Chapter an assurance from the borrower affirming:

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

2. – 4.e. …

f. The corporation shall not knowingly accept any enrollment applications under the Micro Lending Program 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 accept any enrollment applications under the micro lending program if the applicant/borrower or his/her/its principal management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant has not been reinstated into society.

5. …

F. The lender must also provide to LEDC with its enrollment application, in connection with each loan to be enrolled under this Chapter, an assurance affirming:

1. – 3. …

4. The corporation shall not knowingly accept any enrollment applications under the Micro Lending Program 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 accept enrollment applications under the Micro Lending Program if the applicant/borrower or his/her/its principal management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant has not been reinstated into society.

5. …

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 48:1481 (June 2022), LR 48:1922 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7607. Eligibility/ Ineligibility for Participation in This Program

A. This Program is for loans (including lines of credit) for an eligible business purpose 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. – D.2. …

3. small businesses owned by socially and economically disadvantaged individuals (SEDI) that meet the SEDI definition above;

4. small business concerns as defined above for size purposes.

E. – 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 48:1483 (June 2022), LR 48:1923 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7609. General Loan Provisions

A. …

1. The lender shall not knowingly approve any loan if the applicant has any presently pending or outstanding claim or liability relating to the failure or inability to pay promissory notes or other evidence of indebtedness, including state or federal taxes, or bankruptcy proceeding. However, Louisiana Economic Development Corporation (LEDC) may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under this program. Such determinations by LEDC shall be final.

2. The lender shall not approve any loan if the applicant has presently pending, at the federal, state, or local level, any proceeding concerning the denial or revocation of a necessary license or permit. However, Louisiana Economic Development Corporation (LEDC) may review and determine, on a case-by-case basis, that the pending action does not materially affect the applicant's eligibility or the soundness of the loan. Such determinations by LEDC shall be final.

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

B. Loan amounts under this program are intended to be smaller in size and shall be listed in the Micro Lending Agreement.

C. …

1. On all loans or lines of credits under this chapter, at the time obligation and throughout the duration of the loan, including default rates, the interest rate is to be negotiated between the lender and borrower, 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(A)(vi)(I) and set by the NCUA board. Further, on all loans or lines of credits, 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.

D. – 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. …

3. Repealed.

H. Lender Fees

1. 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 Funds

1. – 3. …

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 48:1484 (June 2022), LR 48:1925 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7611. General Agreement Provisions

A. – A.3. …

4. The lender shall not include within loan documents and/or exercise any rights or privileges of confessions of judgment, through executory process or otherwise; and shall further waive and relinquish any rights or procedural advantages related to a confession of judgment.

5. – B. …

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 48:1485 (June

2022), LR 48:1925 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7615. Conflict of Interest

A. No member of the corporation, employee thereof, or employee of Louisiana Economic Development, 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 48:1485 (June 2022), LR 48:1926 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7617. Guidelines

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1485 (June 2022), LR 48:1926 (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 76. SSCBI Micro Lending Program ARPA 2021

§7601. Purpose

A. The Louisiana Economic Development Corporation (LEDC) wishes to stimulate the flow of private capital, short term loans , lines of credit loans, and other financial assistance through a mission driven focus in creating a revolving loan fund for the sound financing of the development, expansion, and retention of small business concerns in Louisiana as a means of helping to start or grow their business and of providing employment, income growth, and expanded economic opportunities, especially to Small Businesses owned by Socially and Economically Disadvantaged Individuals (SEDI) and to those Very Small Businesses (VSB).

B. Through the American Rescue Plan Act of 2021, which reauthorized the State Small Business 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 LEDC, has been designated to provide services for the SSBCI, including the Micro Lending Program (MLP), which, by a Program Participation Agreement previously entered into, between LEDC and ~~the~~ a participating Lender to make additional capital available for the loan. ~~The LEDC will utilize SSBCI funds to increase access to credit and capital funding to further assist small businesses statewide, to expand loan capabilities to a broader range of businesses statewide, to direct a greater concentration to those small businesses, and to reach, identify and promote small business growth 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 LEDC will utilize SSBCI funds to increase access to credit and capital funding to further assist small businesses statewide, to expand loan capabilities to a broader range of businesses statewide, to direct a greater concentration to those small businesses, and to reach, identify and promote small business growth 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.~~D. By partnering with Louisiana CDFIs and other qualifying lenders who share a similar mission driven focus ~~as~~ consistent with the purpose of this program, LEDC will provide funding to participating CDFIs, and other qualifying lenders having been approved as a participating lender, for the purpose of making direct loans ~~up to $100,000~~ to small businesses meeting the SSBCI criteria as outlined in the Micro Lending ~~p~~Program's ~~p~~Participation ~~a~~Agreement.

~~D.~~E. Interested small businesses will be referred to participating Lenders for loan qualification purposes. Participating Lenders will apply to LEDC for acceptance to enroll a loan or line of credit under the Program on behalf of their qualified small business borrowers. Participating Lenders are responsible for their own credit underwriting decisions and originating the loans. LEDC's responsibility is: to ensure compliance with the Micro Lending Program requirements; ensure

compliance with the SSBCI requirements as directed by Treasury, as well as participation in the program; and to report to the U.S. Treasury.

~~E.~~F. In considering acceptance of the loans presented to LEDC through Lenders having agreed to participate in the Micro Lending Program, 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 loan participations carry certain risks and are willing to undertake reasonable exposure.

~~F.~~G. 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 48:1479 (June 2022), LR 48:1920 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7603. Definitions

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

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

Board—Board of Directors of Louisiana Economic Development Corporation.

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

Corporation—Louisiana Economic Development Corporation.

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—defined in 12 C.F.R. § 1805.201(b)(3)(ii)—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.

Confessions of Judgment—a clause with a contract between a lender and borrow, permitting a lender to enforce a debt and obtain a court judgment without a trial

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 Loan—a loan or line of credit commitment made by the lender to the borrower which meets the established SSBCI criteria and complies with the Micro Lending Program requirements and U.S. Treasury requirements.

Enrolled Loan—a loan enrolled by the Lender to a Borrower pursuant to the terms of the Lender Participation Agreement whereby the eligible loan has been accepted in writing by LEDC.

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

LEDC—Louisiana Economic Development Corporation.

Lender—for purposes of this Program Chapter, also referred to herein as the lender; the Community Development Financial Institution or other qualifying lender sharing a similar mission driven focus as this program and who has been approved by LED as a participating MLP lender to originate the loan and provide the loan funds to the Borrower.

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

Loan—the temporary provision of money or funds for a business purpose, usually for a limited term and requiring the payment of interest along with the repayment of the loaned funds. As used herein, the word loan includes a line of credit or term loan originated by a participating CDFI, or other participating lender, of this chapter.

Lender Loan Documents—written documentation evidencing an Enrolled Loan from the Lender to the Borrower pursuant to the Micro Loan Program describe herein and includes, but is not limited to, a loan agreement, note, mortgage, security agreement and guaranty agreement.

Maximum Enrolled Loan Amount—the aggregate outstanding amount of $500,000 for any enrolled loans or loans of a borrower or any common enterprise in which the borrower has an ownership interest.

Micro Loans—~~those loans ranging in size from $1,000 to $100,000.~~ short-term, low-interest rate loans originated under the Micro Lending Program. Loan limits are determined by LEDC and stated in the program participation agreement.

Micro Lending Participation Agreement—also referred to herein as the Program Participation Agreement; the executed agreement between LEDC and a participating Lender specifying participation terms, loan parameters and other conditions for program compliance.

Micro Lending Program (MLP)—an Other Credit Support OSCP ~~p~~Program (OCSP) approved by U.S. Treasury which is the subject of this Chapter.

Passive Real Estate Ownership—ownership of real estate for the purpose of deriving income from speculation, trade or rental, except that such term shall not include:

a. the ownership of that portion of real estate being used or intended to be used for the operation of the business of the owner of the real estate; or

b. ownership of real estate for the purpose of construction or renovation, until the completion of the construction or renovation phase.

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

Socially and Economically Disadvantaged Individual (SEDI) Owned Business—

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

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

ii. gender;

iii. veteran status;

iv. limited English proficiency;

v. physical handicap;

vi. long-term residence in an environment isolated from the mainstream of American society;

vii. membership of a federally or state-recognized Indian Tribe;

viii. long-term residence in a rural community;

ix. residence in a U.S. Territory;

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

xi. membership of another underserved community as defined in Executive Order 13985;

b. business enterprises that certify that they are owned and controlled by individuals where residences are in CDFI investment Areas, as defined in 12 C.F.R. §1805.201(b)(3)(ii);

c. business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined in 12 C.F.R. §1805.201(b)(3)(ii); or

d. business enterprises that are located in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii).

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 48:1480 (June 2022), LR 48:1921 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7605. Application Process

A. Applicant is required to first contact a participating community development financial lending institution (CDFI), or other participating lender, under the Louisiana Economic Development (LED) SSBCI Micro Lending Program that is willing to entertain, originate, process and service such a loan or line of credit; and confirms the loan request is an SSBCI eligible loan before completing the program enrollment application process with LEDC. The participating Lender will then contact LEDC for qualification and shall submit a complete Micro Lending Program Enrollment Application to LEDC for its review and acceptance as an enrolled loan, or enrolled line of credit, under the Program. The 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.

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

C. In order to enroll a loan under the SSBCI Micro Lending Program, the lender shall

1. file the loan for enrollment by delivering or causing to be delivered to LEDC a copy of the program enrollment application packet as may be specified by LEDC, bearing an execution signature of an authorized officer of the lender;

2. submit such additional documentation required for Lender to review and underwrite the loan request;

3. submit executed lender and borrower assurances, certifications and information reasonably required by the corporation and related to the loan to be enrolled. The loan shall be deemed enrolled in the SSBCI Micro Lending Program at such time as the program enrollment application is accepted, in writing, by LEDC.

~~D. Businesses applying for consideration as a SEDI owned business will have to self-certify under conditions in Paragraphs a-c as noted above in §7503 under SEDI-Owned Business definition.~~

~~E.~~D. The following micro lending program submission and review policies shall be followed.

1. A completed Louisiana Economic Development Corporation Micro Lending Program enrollment application form along with information identified by LEDC as appropriate must be submitted to LEDC prior to any loan closing.

2. The participating lender is expected to use its best efforts to provide small Louisiana businesses, and SEDI, with maximum practicable opportunity to participate in the micro lending program.

3. The borrower's completed micro lending program enrollment application packet must be submitted by the Lender to LEDC and include:

4. Borrower's completed LED micro lending program enrollment application and related information and materials.

5. 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 enrollment 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.

6. Businesses applying for consideration as a SEDI owned business will have to self-certify under conditions in Paragraphs a - c as noted above in §~~7503~~7603 under SEDI-owned business definition.

7. Lender and borrower signed assurances and certifications as required by Treasury at the time of application for enrollment.

8. LEDC staff will review the enrollment application for completeness and compliance requirements as required by U.S. ŧTreasury under the SSBCI program and then approve and accept as an enrolled loan or disapprove and reject the enrollment application, if the dollar amount of the loan is within its board approved authority, or make recommendations to the board committees and to the board for approval and acceptance as an enrolled loan or disapproval and rejection under the micro lending program.

9. The LEDC's board screening committee, the board's other designated committee, or the board itself, may review only the completed enrollment applications and related materials submitted by LEDC staff and may approve and accept as an enrolled loan or disapprove and deny applications for enrollment under the program within the committee's authority as established by the LEDC board, or board committees will make recommendation to the LEDC board for its decision.

10. The applicant/borrower or their designated representative(s), and the loan officer or a representative of the lender may be required to attend the LEDC's board of directors meeting wherein the program enrollment application will be considered by the board.

11. LEDC's board of directors, the board screening committee, or the board's other designated committee that has considered the enrollment application within its authority ~~has for such enrollment applications;~~ may approve or deny such enrollment applications, except for those loans which shall be within the staff's authority to approve and accept for enrollment or disapprove~~,~~; as established by the LEDC board, the staff shall have the final approval of acceptance as an enrolled loan under the program or disapproval and denial authority, unless the board overrules the staff's decision.

12. The LEDC staff will report to the board monthly those loans accepted for enrollment under the program~~, as well as those loans not approved by the lender under the program~~.

13. Loans originated by participating community development financial institutions (CDFIs), or other participating lenders, under the micro lending program must qualify under the SSBCI treasury guidance. Lenders interested in participating under the program must first gain approval by LEDC. CDFIs, and other participating lenders, will reference their internal credit policies to underwrite the loan for acceptable terms and structure. The lender is responsible for all loan closing documentation.

14. LEDC staff will email the Lender ~~within 3 business days of the loan closing~~ written notice that the enrollment application has been approved and accepted as an enrolled loan under the micro lending program.

~~F.~~E. Loan Purpose Requirements and Prohibitions. In addition to the application process provisions provided in the Section mentioned in the above subparagraph A, in connection with each loan to be enrolled under this Chapter the lender shall also be responsible for obtaining and providing to LEDC with the lender's enrollment application an assurance from each borrower stating that the loan proceeds shall not be used for any impermissible purpose under the SSBCI

Program. And additionally, each lender must also obtain and provide to LEDC with its enrollment application under this Chapter an assurance from the borrower affirming:

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

2. The loan proceeds will not be used to:

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

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

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

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

3. The borrower is not:

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

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

c. a related interest of 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: (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.

f. The corporation shall not knowingly accept any enrollment applications under the Micro Lending Program 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 accept any enrollment applications under the micro lending program if the applicant/borrower or his/her/its ~~principle~~ principal management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant has not been reinstated into society.

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

~~G.~~F. The lender must also provide to LEDC with its enrollment application, in connection with each loan to be enrolled under this Chapter, an assurance affirming:

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

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

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

4. The corporation shall not knowingly accept any enrollment applications under the Micro Lending Program 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 accept enrollment applications under the Micro Lending Program if the applicant/borrower or his/her/its ~~principle~~ principal management has a criminal record showing convictions for any criminal violations other than misdemeanor traffic violations in which the applicant has not been reinstated into society.

5. The borrower business structure 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 that maintain an office in Louisiana. The borrower business structure is a sole proprietor qualified to do business in Louisiana that maintains an office in 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 48:1481 (June 2022), LR 48:1922 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7607. 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 $500,000 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 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 jobs.

D. In addition to the eligibility and ineligibility provisions provided in the Section, the applicant/borrowers loans and lines of credit in connection with this Chapter shall meet the following criteria:

1. the applicant/borrower(s) shall employ 100 employees or less at the time the loan is enrolled in this Program. The borrower business structure 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 that maintain an office in Louisiana.

2. the borrower business structure is a sole proprietor qualified to do business in Louisiana that maintains an office in Louisiana. Small and emerging businesses (SEBs) certified by LED's small business services that maintain an office in Louisiana.

~~3. small and emerging businesses (SEBs) certified by LED's Small Business Services that maintain an office in Louisiana.~~

~~4.~~3. small businesses owned by socially and economically disadvantaged individuals (SEDI) that meet the SEDI definition above;

~~5.~~4. small business concerns as defined above for size purposes.

E. The small business is domiciled in Louisiana with preference given to socially and economically disadvantaged individuals as defined herein this Chapter.

F. Funding request for all but the following may be considered:

1. Restaurants having been in business less than two years, except for regional or national franchises;

2. 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;

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

4. any establishment which has consumer or commercial financing as its business;

5. funding for the acquisition, renovation, or alteration of a building or property for the principal purpose of real estate speculation;

6. direct or indirect activities related to cryptocurrency;

7. any business engaged in pyramid sales;

8. any 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 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;

9. 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 micro lending program prior debt that is not covered under this program and that is or was owed by the borrower to the Lender or to an affiliate of the lender;

10. 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 the business; or for buying out any family member or reimbursing any family member;

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

12. 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;

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

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

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

14. 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.

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

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

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 48:1483 (June 2022), LR 48:1923 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7609. General Loan Provisions

A. Those CDFIs, and other qualifying lenders, participating in the Micro Lending Program shall be guided by the following general principles in making loans.

1. The lender shall not knowingly approve any loans if the applicant has presently pending or outstanding any claim or liability relating to failure or inability to pay promissory notes or other evidence of indebtedness including state or federal taxes, or bankruptcy proceeding~~; nor shall the lender approve any loan if the applicant has presently pending, at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit~~. However, Louisiana Economic Development Corporation (LEDC) may review and determine, on a case-by-case basis, whether the nature, status, or materiality of such indebtedness or liabilities warrants eligibility under this program. Such determinations by LEDC shall be final.

2. The lender shall not approve any loan if the applicant has presently pending, at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit. However, Louisiana Economic Development Corporation (LEDC) may review and determine, on a case-by-case basis, that the pending action does not materially affect the applicant's eligibility or the soundness of the loan. Such determinations by LEDC shall be final.

~~2.~~3. The terms or conditions imposed and made part of any enrolled loan authorized by vote of the corporation board shall not be amended or altered by any member of the board or employee of ~~the Department of~~ Louisiana Economic Development except by subsequent vote of approval to accept the changes of said enrolled loan by the board, its board screening committee or other designated committees at the next meeting of the board or committee ~~in~~ in open session with full explanation for such action.

B. Loan amounts under this program are intended to be smaller in size ~~and may range from $1,000 to $100,000~~, and shall be listed in the Micro Lending Agreement.

C. Interest Rates

1. On all loans or lines of credits under this chapter, at the time of obligation and throughout the duration of the loan, including default rates, the interest rate is to be negotiated between the lender and borrower, 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(A)(vi)(I) and set by the NCUA board. Further, on all loans or lines of credits, 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.

D. Borrower's Collateral

1. The value of the borrower's collateral shall be determined according to the lender's normal lending criteria and policy. Loans greater than $50,000 shall require collateral.

2. Collateral position shall be negotiated but will be no less than a sole second position.

3. Unacceptable collateral includes:

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

b. personal residence

E. Equity

1. Equity requirements shall be determined according to the lenders normal loan criteria and policy.

F. Terms

1. Terms may be negotiated with the lender but in no case shall the terms exceed five years.

G. LEDC 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. LEDC will waive the application fee for SEDI, SEB and VSB business types.

~~3. LEDC may charge a program fee up to $500 for loans less than $25,000 or may charge a program fee up to 2 percent for loans greater than $25,000.~~

H. Lender Fees

1. 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 Funds

1. Purchase of fixed assets, including buildings that will be occupied by the applicant to the extent of at least 51 percent.

2. Purchase of equipment, machinery, or inventory.

3. Line of credit for accounts receivable or inventory.

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 48:1484 (June 2022), LR 48:1925 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7611. General Agreement Provisions

A. Program Participation Agreement

1. The lender shall market the micro lending program, identify eligible borrowers for the program, originate the loan, 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 funds to be provided under the micro lending program will be instrumental in order for the Lender to make 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 is able to set its rate according to risk but shall not exceed that stated in the treasury SSBCI guidance under this program.~~

4. The lender shall not include within loan documents and/or exercise any rights or privileges of confessions of judgment, through executory process or otherwise; and shall further waive and relinquish any rights or procedural advantages related to a confession of judgment.

5. Delinquency will be defined according to the lender's normal lending policy and all remedies will be outlined. Notification of delinquency will be made to the corporation in writing and verbally in a time satisfactory to the bank and the corporation on the monthly lender loan status report.

B. Reporting

1. Reporting will be required by all participating lenders under this program as required by 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 48:1485 (June 2022), LR 48:1925 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7613. Confidentiality

A. Confidential information in the files of the corporation and its accounts acquired in the course of duty is to be used solely for the corporation. The corporation is not obliged to give credit rating or confidential information regarding applicant. Also see Attorney General Opinion Number 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 48:1485 (June 2022), LR 48:1926 (July 2022).

§7615. Conflict of Interest

A. No member of the corporation, employee thereof, or employee of ~~the Department of~~ Louisiana Economic Development, 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 48:1485 (June 2022), LR 48:1926 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:

§7617. Guidelines

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1485 (June 2022), LR 48:1926 (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
Baton Rouge, LA 70802

Rule Title: Micro Loan Program

Date Rule Takes Effect: Upon promulgation

SUMMARY
(Use complete sentences)

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

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

The proposed rule change is not anticipated to result in any direct material effect on governmental expenditures or savings to state or local governmental units. To the extent the removal of the $100,000 lending cap in the proposed rules results in additional funds lent to small businesses, this may increase utilization of existing federal budget authority within Louisiana Economic Development (LED), as additional federal State Small Business Credit Initiative (SSBCI) funds from ARPA 2021 may be deployed to support small businesses through the Micro Loan 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 Micro Loan Program in an effort increase the size of micro loans issued to small businesses. 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 program fee of $500 for loans less than $25,000 or 2% for loans greater than $25,000 is eliminated. The application fee is capable of being waived for the program and continues to be mandatorily 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 and program fees for 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 rules removed and changed regulations for lending institutions and the use of funds for applicants/borrowers. To the extent these amendments increase the size of micro loans issued to small businesses, program participants may receive additional benefits. Additionally, the proposed rules increase the maximum amount of an application fee that may be charged to applicants and eliminate the $500 program fee for loans under $25,000 or 2% fee for loans over $25,000. 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

Legislative Fiscal Officer or Designee

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

2/9/2026
Date of Signature

2/9/26
Date of Signature

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

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

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

The proposed rule change amends the Micro Lending Program , which uses federal SSBCI funds to programs to increase the amount of capital made available by private lenders to small businesses, Further, Louisiana Economic Development Corporation (LEDC) uses the SSBCI funds from ARPA 2021 to increase access to credit and capital funding, to further assist small businesses statewide, to expand loan capabilities to include a broader range of businesses statewide, to direct a greater concentration on those small businesses, and to reach, identify and promote small business growth, 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 removal of the $100,000 lending cap in the proposed rules results in additional funds lent to small businesses, this may increase utilization of existing federal budget authority within LED, as additional federal SSBCI funds from ARPA 2021 may be deployed to support small businesses through the Micro Loan Program. However, LED's current appropriation of Federal Funds is anticipated to cover any additional loans 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 removal of the $100,000 lending cap in the proposed rules results in additional funds lent to small businesses, this may increase utilization of existing federal budget authority within LED, as additional federal SSBCI funds from ARPA 2021 may be deployed to support small businesses through the Micro Loan Program. However, any administrative duties brought about by the proposed rule changes will be carried out utilizing the existing staff and/or resources at the 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.

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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 amendment is 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 $500 program fee for loans under $25,000 or 2% fee for loans over $25,000. 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 and program fees for participants. However, the ability to collect application fees for certain applicants remains in the proposed rules.

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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 rules removed and changed regulations for lending institutions and the use of funds for applicants/borrowers.

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

Program participants may receive additional benefits to the extent these amendments increase the size of micro loans issued to small businesses. Additionally, the proposed rules increase the maximum amount of an application fee that may be charged to applicants and eliminate the $500 program fee for loans under $25,000 or the 2% fee for loans over $25,000. 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 VSB applications.

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.