

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 52:738 (May 2026).

§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 52:739 (May 2026).

§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 52:739 (May 2026).

Anne G. Villa
Deputy Secretary/CFO

2605#049

RULE

**Louisiana Economic Development
Office of Economic Development
and
Louisiana Economic Development Corporation**

Small Business Loan Guaranty Program
(LAC19:VII.Chapter 5)

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

In accordance with the Office of Governor Executive Order No. JML 25-038, LED reviewed and evaluated the SBLGP Program rules and proposes amendment to better align regulations with the U.S. Treasury guidelines and the agency’s mission. This Rule is hereby adopted on the day of promulgation.

**Title 19
CORPORATION AND BUSINESS
Part VII. Louisiana Economic Development
Corporation**

**Subpart 1. Small Business Loan Guaranty Program
(SBLGP)**

Chapter 5. SSCBI Loan Guaranty ARPA 2021

§501. Purpose

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- C. - D. Repealed.

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1472 (June 2022), LR 48:1926 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:739 (May 2026).

§503. Definitions

- A. - B. ...

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.

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

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

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

Loan Participation—Repealed.

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

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

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

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

- a.i. - c. ...

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1473 (June 2022), LR 48:1927 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:739 (May 2026).

§505. Application Process

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

B. ...

C. Loan Purpose Requirements and Prohibitions. In addition to the application process provisions provided in the Section mentioned in the above Subsection A, in connection with each loan to be enrolled under this Chapter 5 program the financial institution lender shall also be responsible for obtaining and providing to LEDC with the lender's application an assurance from each borrower stating that the loan proceeds shall not be used for any impermissible purpose under the SSBCI program. And additionally, each financial institution lender must also obtain and provide to LEDC with its application under this Chapter 5 program an assurance from the borrower affirming:

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

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

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

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

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

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1474 (June 2022), LR 48:1928 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:740 (May 2026).

§507. Eligibility/Ineligibility for Participation in This Program

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

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

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

A.2. - B.1. ...

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

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

4. Small Business Administration (SBA) guaranteed loans shall not be purchased through this program.

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1476 (June 2022), LR 48:1930 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:740 (May 2026).

§509. General Loan Guaranty and Loan Participation Provisions

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

1. ...

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

3. The corporation shall not approve any loan, line of credit, or loan guarantee if the applicant/borrower has presently pending, at the federal, state, or local level, any proceeding concerning denial or revocation of a necessary license or permit, unless LEDC determines, on a case-by-case basis, that the pending action does not materially affect the applicant's eligibility or the soundness of the loan.

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

misdemeanor traffic violations, in which the applicant/borrower or his/hers/its principal management has not been reinstated into society

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

6. Each financial institution lender shall be required to have a meaningful amount of its own capital resources at risk in each small business loan included in this program. Such lenders shall bear at least 20 percent or more of the loss from a small business loan default.

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

B. ...

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

C. - C. 1. ...

2. Types of *Equity*:

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

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

D. Collateral

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

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

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

4. Collateral Value Determination

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

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

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

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

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

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

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

E. Limit on the Amount of LEDC's Guarantee

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

F. Terms

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

- a. for revolving lines of credit (RLOC) guarantee term periods may extend for up to and not exceed 3 years.
- b. for equipment term loans guarantee term periods may extend for up to and not exceed 5 years.
- c. for real estate term loans guarantee term periods may extend for up to and shall not exceed 7 years.

G. LEDC Program Fees

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

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

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

H. Lender Fees

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

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1477 (June 2022), LR 48:1931 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:740 (May 2026).

§511. General Guaranty Agreement Provisions

A. - A.3. ...

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

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

B. General Loan Provisions

1. ...

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

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

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

C. - C.2. ...

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1478 (June 2022), LR 48:1931 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:741 (May 2026).

§515. Conflict of Interest

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1478 (June 2022), LR 48:1932 (July 2022), amended by Louisiana Economic Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:742 (May 2026).

§517. Guidelines

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

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

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development and the Louisiana Economic Development Corporation, LR 48:1479 (June 2022), LR 48:1932 (July 2022), amended by Louisiana Economic

Development, Office of Economic Development and the Louisiana Economic Development Corporation, LR 52:742 (May 2026).

Anne G. Villa
Deputy Secretary/CFO

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RULE

**Louisiana Works
Office of Workers' Compensation Administration**

Finance and Audit (LAC 40:I.Chapter 17)

The Louisiana Works does hereby amend certain portions of the *Louisiana Administrative Code*, Title 40, Labor and Employment, Part I, Workers' Compensation Administration, Subpart 1, General Administration, Chapter 17. The purpose of this amendment is to correct outdated titles, modify terms to match definitions, remove old references, and align with current practices. These changes modernize the rules for current OWCA's Finance and Audit unit. This Rule is promulgated by the authority vested in the Assistant Secretary of the Office of Workers' Compensation found in R.S. 23:1168 and R.S. 23:1291. This Rule is hereby adopted on the day of promulgation.

Title 40

LABOR AND EMPLOYMENT

Part I. Workers' Compensation Administration

Subpart 1. General Administration

Chapter 17. Fiscal Responsibility Unit

§1701. Financial Compliance

A. Every employer subject to the jurisdiction of the Louisiana Workers' Compensation Act shall file with the Office of Workers' Compensation proof of its compliance with the workers' compensation insurance provision of R.S. 23:1168. A notice from the insurer, on a form developed by the assistant secretary, certifying compliance will be accepted as proof. The form must be received within 30 days of the policy's effective date.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1168.

HISTORICAL NOTE: Promulgated by the Department of Employment and Training, Office of Workers' Compensation, LR 17:960 (October 1991); amended by the Louisiana Works, Office of Workers' Compensation Administration, LR 52:742 (May 2026).

**§1703. Termination of Coverage by Insurance Carriers;
Employer to Obtain New Coverage**

A. Any insurance carrier that intends to cancel or terminate an insurance policy before the expiration date stated in the policy shall give 20 days prior notice thereof in writing to the Office of Workers' Compensation, the employer, and the Commissioner of Insurance.

B. The employer whose policy has been canceled or terminated shall, on or before the twentieth day after receipt of the notice of cancellation or termination, file proof of new coverage with the Office of Workers' Compensation in accordance with the Act. Failure to file proof of new coverage within 20 days shall be considered by the Office of Workers' Compensation as prima facie evidence of violation and subject the employer to the penalties prescribed under R.S. 23:1170.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1168.