

## **Louisiana Loan Portfolio Guaranty Program (“LPGP”) in Response to COVID-19**

The Louisiana Loan Portfolio Guaranty Program, or LPGP, is a partnership of Louisiana Economic Development (LED), which will provide a loan guaranty fund; the Louisiana Bankers Association (LBA), whose participating members will offer the loans; and the Louisiana Public Facilities Authority (LPFA), which will administer the program.

The purpose of the LPGP is to provide loans to Louisiana small businesses in response to COVID-19. At this time, LED recognizes small business needs are immediate, and if there isn't a timely response, the State risks losing a foundational element of its economy. In collaboration with the LBA and LPFA, LED has worked with the banking community to provide access to capital to small companies that may experience (have experienced) a sudden drop in revenues due to lost business caused by the COVID-19 pandemic. The State through LED is guaranteeing a portion of each participating bank's loan.

The LPGP will supply capital to create a loan guaranty fund of up to \$50 million, in which LED would guarantee 20 percent of the pool allocated to each participating bank.

Each bank will be responsible for reviewing, issuing, securing collateral, if applicable, and collecting, under standard banking practices, loans of **up to \$100,000** per applicant and any affiliates. All small businesses employing under 100 workers are eligible, including day cares, farmers and fishermen and we especially encourage main street small businesses, e.g., restaurants. Suggested uses for the loan are to maintain employee payroll for an 8-week period at payroll levels at the time of application for the loan, as well as to maintain continuance of operations within COVID-19 executive orders, proclamations, and relevant state agency guidance.

The repayment period would be at least one year, but could be longer depending on business functionality during the length of the emergency period and would be anticipated to be no more than 5 years.

Rate would be fixed up to 3.5 percent (lower rates subject to lending institution).

First six months would bear no interest; AND no payment would be due for the first 6 months of the loan.

An acceptable loan amount would be tied to pre-COVID 19 employment and functionality of business expenses pre-COVID 19, as evaluated by the lending institutions.

Unless otherwise engaging in essential activity as provided by Proclamation Number 33 JBE 2020 (<https://gov.louisiana.gov/assets/Proclamations/2020/modified/33-JBE-2020-Public-Health-Emergency-COVID.pdf>), ineligible businesses are those engaged in gaming, non-profit organizations, real estate developers, pawn shops, pay-day loans, lending and investment concerns, or speculative activities.

Banks to provide the documentation of a streamlined application.

Periodic reporting including, but not limited to, compliance with the borrower's obligations, will be required on the loan.