

**MISSISSIPPI DEVELOPMENT
AUTHORITY**

**RESEARCH AND DEVELOPMENT
LOAN PROGRAM**

GUIDELINES

MISSISSIPPI RESEARCH AND DEVELOPMENT LOAN PROGRAM

The Mississippi Research and Development Program ("R&D Loan Program"), administered by the Mississippi Development Authority ("MDA") is designed for making loans to private companies to aid in the creation of new and expanding research and development, and technology-based businesses and industries.

ELIGIBILITY

QUALIFIED COMPANIES

To qualify for assistance under the R&D Loan Program a company must meet one of the following classifications:

Research & Development

A business engaged in laboratory, scientific or experimental testing and development related to new products, new uses for existing products or improving existing products. Research and Development does not include any business engaged in efficiency surveys, management studies, consumer surveys, economic surveys, advertising, promotion or research in connection with literary, historical or similar projects.

Technology

The enterprise shall manufacture plastics, automobiles, aircraft, computers or electronics, be a computer design or related facility, or a software publishing facility, with at least ten percent (10%) of the workforce being scientists, engineers or computer specialists. The average wage of all workers employed shall be at one hundred and fifty (150%) percent of the state average annual wage, and a basic health care plan must be provided to all employees.

Such companies shall employ at least ten (10) persons in full time positions

The company **must** inject a minimum of ten percent (10%) equity into the project.

The company must be financially sound, present evidence that the company can repay the debt and must not have defaulted on any previous loan from the State or Federal Government.

ELIGIBLE PROJECTS

Loan funds may be used for land, building and depreciable fixed assets ("R&D Project"). Loan proceeds may not be used for working capital, debt refinancing or rolling stock.

LOANS

TERMS

The amount of the loan shall not exceed fifty percent (50%) of the total cost of the R&D Project to be financed up to a maximum of \$750,000. The minimum amount, which shall be loaned, is \$250,000. Term shall be ten (10) years maximum or the determined useful life of the R&D Project.

Other State finance programs, to include Community Development Block Grants, may not be used to finance the remaining cost of the R&D Project.

The rate of interest on the loan will be based on the most recent twenty (20) year general obligation bond issued by the State.

REPAYMENT

Principal and interest payments will be due on a monthly basis, with a fixed amount to be paid over the life of the loan.

LIENS AND COLLATERAL

Each loan will be secured by a lien of such type that provides adequate security for MDA to recover its investment in case of default on the loan. Liens may be in the form of personal guarantees, liens on the equipment installed or security interest in other assets. It should be noted MDA will require a one percent (1%) good faith deposit on projects.

Individuals or entities with twenty percent (20%) or more ownership in the company will be required to provide personal guaranties and life insurance.

APPLICATION

The application to be submitted by a company must include:

- The purpose of the proposed loan including a list of eligible items and the cost of each;
- The estimated cost of the total project with a detailed breakdown of all public or private sources of funding;
- The time schedule for implementation and completion of the project, evidencing an expeditious completion of the project;

- Company balance sheets, income statements and statements of cash flow for the previous three (3) fiscal years and current statements dated within ninety (90) days of application or three (3) years of tax return.
- A two (2) year business plan for the project;
- List of principal stockholders, partners, or parties who have ownership of twenty percent (20%) or more.

MDA may require additional information as needed. Two copies of the application must be submitted.

CONDITIONS FOR DISBURSEMENT OF FUNDS

LOAN CLOSING

Based upon the terms and conditions established by MDA, MDA will prepare all security and loan documents, including but not limited to, the Loan Agreement and Promissory Note, (collectively "Loan Documents"). Prior to disbursement of any funds, all Loan Documents must be fully executed.

The Borrower will also be responsible for paying for all costs associated with the closing of the loan, including document preparation, title searches and filing fees.

REIMBURSEMENT PROCESS

The MDA will release loan funds on a reimbursement or services rendered basis for approved eligible costs of the project as incurred. The Borrower shall certify to MDA that the expenses were incurred and were in accordance with the project as approved by MDA. Funds will be released periodically upon receipt of supporting documentation from the Borrower based upon a schedule established by MDA.

AUDIT

Loans made under the R&D Loan Program are subject to audit by the State Department of Audit.

WAIVER

These guidelines may be amended by MDA at anytime. MDA, in its discretion, may temporarily waive any requirement of the guidelines to the extent that the result of such waiver is to promote the public purpose of the Act and is not prohibited by State Law.

ADDITIONAL INFORMATION

Program inquiries and applications should be directed to:

Mailing Address:

Mississippi R&D Loan Program
Financial Resources Division
Mississippi Development Authority
Post Office Box 849
Jackson, Mississippi 39205
Telephone: (601) 359-3552

Delivery Address:

501 North West Street
6th Floor
Jackson Ms 39201