

**MISSISSIPPI DEVELOPMENT  
AUTHORITY**

**MISSISSIPPI EXISTING INDUSTRY  
PRODUCTIVITY LOAN PROGRAM**

**GUIDELINES**

## **MISSISSIPPI EXISTING INDUSTRY PRODUCTIVITY LOAN PROGRAM**

The Mississippi Existing Industry Productivity Loan Program ("Existing Industry Loan Program"), administered by the Mississippi Development Authority ("MDA") is designed for making loans to existing industries to deploy long-term fixed assets through new technology, which will improve productivity and competitiveness. Funding for the program is derived from state general obligation bonds.

### **ELIGIBILITY**

#### **QUALIFIED COMPANIES**

In order to obtain assistance under the Existing Industry Loan Program, the company must be a manufacturing enterprise, which has operated in the State for not less than two (2) consecutive years. A manufacturing enterprise is one who is exclusively or predominately engaged in activities of an industrial or commercial nature wherein labor or skill is applied by hand or machinery, to materials belonging to the manufacturer so that a new, different, or more useful article is produced for sale.

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 can be used to finance long-term fixed assets ("Fixed Assets"). These are assets through new technology, which will improve productivity and competitiveness of the company. The benefits of such asset will have to be documented.

### **LOANS**

#### **TERMS**

The amount of the loan shall not exceed fifty percent (50%) of the total cost of the Fixed Assets to be financed, or \$500,000, whichever is less. The minimum amount, which shall be loaned, is \$250,000. Term shall be shall be ten (10) years maximum or the determined useful life of the Fixed Assets.

Other State finance programs, to include Community Development Block Grants, may not be used to finance the remaining cost of the Fixed Assets.

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

## **CONDITIONS**

An existing company that accepts a loan shall not reduce employment by more than twenty percent (20%) through the use of the Fixed Assets for which the loan is provided.

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

## **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 all 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;
- Documentation on how the financing of the Fixed Assets will improve productivity and competitiveness;
- 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 returns.
- 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 Existing Industry 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 Existing Industry 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  
6<sup>th</sup> Floor  
Jackson Ms 39201