

CAPITAL ACCESS CONTRACT LOAN PROGRAM GUIDELINES

The Mississippi Capital Access Contract Loan Program administered by the Mississippi Development Authority (“MDA”), is designed to increase the availability of financing for borrowers with contracts with public entities who for various reasons might have difficulty in obtaining conventional loans. The essential element of the program is a loan secured by proceeds of a public contract (“Contract Loan”). The loan will be made on the basis of a construction contract with a public entity having been awarded to the borrower.

ELIGIBILITY

An eligible Financial Institution is any commercial bank, savings bank, or association domiciled or qualified to do business in the State and other types of financial institutions, including but not limited to Small Business Investment Corporations, (Hereafter referred to as “Financial Institution”). For the purpose this loan program, the participating Financing Institutions will be those that have qualified to participate in the Capital Access Loan Program.

BUSINESS

Businesses, which are eligible to participate in the Capital Access Contract Loan Program, must fall into one of the following:

A Small Business, which is defined as any independently owned and operated for-profit, commercial enterprise domiciled in the State with less than 50 full time employees.

A Small Disadvantaged Business, which is a corporation publicly owned with at least 51% of its outstanding stock unconditionally owned by one or more socially and economically disadvantaged individuals, and where management and daily operation is controlled by one or more individuals; or

A Minority Business that meets the definition of a minority or woman owned business. A minority or woman owned business is a business enterprise, which is socially and economically disadvantaged and owned and operated by one or more woman or eligible minorities. The business must be organized for profit and perform a commercially useful function.

For the purpose of this program, the “socially and economically disadvantaged” shall have the meaning ascribed to such term under the Small Business Act (15 U.S.C., Section 637[a]) and shall include woman.

If the Small Business is a sole proprietorship, the owners must be a resident citizen of the State of Mississippi, if the business is a corporation or partnership, at least fifty-one percent (51%) of the owners must be a resident citizen of Mississippi.

The Small Business must be credit worthy and demonstrate the ability to repay the loan, the ability to successfully fulfill the contract being used as collateral, must be in compliance with all state and federal regulatory agencies, and must not be in default on any previous debt or obligation with the state or federal government.

The following types of Small Businesses are not eligible for assistance under this program:

A charitable institution or nonprofit enterprise;

A newspaper, magazine, radio, television broad casting company, or similar enterprise through which editorial opinion are expressed;

Businesses engaged in lending, directly or indirectly.

Immediate relatives of any current staff or board members of a Financial Institution are ineligible to apply for assistance under this program. Immediate relative is defined as spouse, parent, child or sibling of the applicant.

CAPITAL ACCESS CONTRACT LOAN

Contract loans may be used for cost associated with a construction project or construction related contract being used as collateral for each loan. The maximum amount that may be loaned to anyone borrower is the greater of \$75,000.00 or 75% of the contract amount. This loan program has a limit of three loans per borrower. The loan may not be used in conjunction with any other State finance program. The Mississippi Development Authority may at its discretion require control of use and disbursement of funds on these loans. The applicant will be responsible the cost of all fees associated with the loan.

CAPITAL ACCESS CONTRACT LOAN TERMS

The interest rate on this loan program shall be 0%;

The length of the secured contract shall dictate the length of the loan.

CAPITAL ACCESS CONTRACT LOANS ARE NOT AVAILABLE UNDER THE
FOLLOWING CIRCUMSTANCES

To pay off existing debt for consolidation purposes;

If the direct or indirect purpose or result would be to pay off creditors of applicants who are inadequately secured or in a position to sustain a loss;

If the assistance would, directly or indirectly, provide or replenish funds for payment, distribution, or a loan to owner, partners, or stockholders of the Small Business and would not change the ownership interest of the business (does not apply to ordinary compensation for services rendered in the course of business);

If the loan funds would provide funds for speculation in a any kind of property; or if the assistance would finance the acquisition, construction, improvement, or operation of real property which is to be held primarily for sale or investment;

If the loan is for construction or purchase of residential housing.

Each loan made under the Capital Access Contract Loan Program must be approved by the Executive Director of MDA to qualify for the program