

Capital Access Loan Loss Reserve Program

The Capital Access Loan Loss Reserve Program assists socially and economically disadvantaged businesses as designated by the U. S. Small Business Act by providing loan loss reserves to participating financial institutions.

Eligible uses of loan proceeds include:

- Fixed Assets
- Working capital
- Start-up costs
- Rental payments
- Interest expense during construction
- Professional fees
- Buildings (repair, renovation, improvements)

Program Facts

Increased availability of financing for qualified borrowers who have difficulty in obtaining conventional loans is the goal of the Capital Access Loan Loss Reserve Program. Business entities as defined by Section 8(d) of the U. S. Small Business Act may apply for this program. They include:

- Small Businesses
- Small Disadvantaged Businesses
- Minority Businesses (minority or woman owned businesses)

The Mississippi Development Authority (MDA) may establish loss reserve accounts at financial institutions that participate in the Program, and require payments by the financial institution and the borrower to such loss reserve accounts. Under the Capital Access Loan Loss Reserve Program, a participating financial institution may make a loan to any borrower the MDA determines to be qualified and be protected against losses from such loans as provided in the Program. Contributions established by MDA in such loss reserve accounts shall be used in the event of a loan default.

Loan Loss Reserve Terms

The rate and terms of the loan are set by the participating financial institution. **The maximum amount of the loan is \$150,000.** MDA will match the amount deposited in the loan loss reserve at the participating financial institution and require payments by the financial institution. Payments made by the borrower into the loan loss reserve will have a maximum payment of 7%.

For further details, see the Capital Access Loan Loss Reserve Program Guidelines, Capital Access Loan Loss Reserve Program Application, and Section 57-61-36(5), Ms Code 1972, Annotated. To request these documents or for assistance, contact the Financial Resources Division at financial@mississippi.org or (601)359-3552.