PROP FREQUENTLY ASKED QUESTIONS

Q – Where can I find the program application and related information?
A – There are several ways to get an application. The application will be posted on the OCD-DRU website (http://www.doa.louisiana.gov/CDBG/dr/drhome.htm). Business owners may also call 504-556-9793 to request that a copy of the application be mailed or e-mailed to them.

Q – What documentation will I need to apply for PROP?
A – A complete documentation checklist will be available online the OCD-DRU website (http://www.doa.louisiana.gov/CDBG/dr/drhome.htm) or mailed/e-mailed upon request.

Q – Can I access the application online?
A – Yes, application may be downloaded from the OCD-DRU website (http://www.doa.louisiana.gov/CDBG/dr/drhome.htm). Applications will not be accepted online.

Q – Is this program for start up businesses?
A – Start-ups are eligible to apply.

Q – What are the guidelines?
A – 1) The OCD-DRU website (http://www.doa.louisiana.gov/CDBG/dr/drhome.htm) will have a comprehensive list when available.

Q – Once I apply, how will I be able to obtain the status of my application?
A – Your application will be assigned to a project manager upon receipt. The project manager should contact you within five days of receiving your application. If you are not contacted, you may call Constituent Services at (504) 556-9793 to obtain the contact information for the project manager.

Q – When will I receive funds once approved?
A – Once approved, the project must undergo compliance and environmental review. The process typically takes about six months to complete.

Q – What is the interest rate on the loan and for how long?
A – The minimum interest rate on the loan is 1% but may be higher depending on the project.

Q – Are there specific requirements in order to have a portion of the loan forgiven?
A – A pre-determined portion of the loan may be forgivable in order to reward projects for timely repayment of principal and interest as well as for meeting defined performance benchmarks. Benchmarks will include, but are not limited to: the creation/retention of jobs; completion of construction of the building; purchasing and installation of equipment. Each loan will be considered and underwritten for options on a case-by-case basis, but in all

cases, forgivability will be used as an incentive to complete established benchmarks and not as a method to make a weak project feasible.

Q – My company is a non-profit and therefore does not have owners. Are there any other requirements in lieu of the personal guarantee?

A – Members of the Board of Directors may be required to sign a personal guarantee. The non-profit may also be required to pledge additional assets not currently obligated.

Q – How is earned income portion of non-profit income calculated?

A – In order to determine a non-profit's ability to service debt, we will take the earned income and subtract the associated expenses and other debt service from that income to determine the non-profit's cash flow available for debt service. The earned income of a non-profit is defined and measured as income received from services provided or products sold. The associated expenses with that earned income can either be determined through the non-profit's accounts (if expenses are clearly separated), or if necessary on a pro-rata basis, as compared to the non-profit's other sources of income and activities. Expenses related to activities other than those that generate earned income are excluded from this calculation. Revenue generated from grants, contributions, member fees/dues and donations are excluded from earned income. Unrestricted and recurring grants might be considered on a case-by-case basis as earned income. It will be the responsibility of the applicant to be able to accurately account for a separation of earned income and associated expenses from other revenue and expenses and to show how they are going to be able to repay the loan amount requested. In all cases, the non-profits and the businesses should be able to propose loan terms for consideration and the ED staff will determine whether or not the proposed terms are reasonable or acceptable.