



The Standard Participation Loan Program seeks to encourage new bank lending to small business, by purchasing portions of bank term loans, RLOCs, and convertible subordinated debentures, applying below market interest rates to DCEO's portion, and subordinating its exposure to that of the lending entities. For lenders, this is an acceptable method of addressing a lack of equity or collateral resources by the borrower; and a way for the borrower to improve its ability to meet its debt service need.

Product	Standard Participation Loan Program (SPLP)
Eligible borrowers	Businesses – fewer than 750 full-time employees.
Interest Rate	<ul style="list-style-type: none"> • Attractive below market interest rates charged on DCEO PLP portion. • Fixed/Adjustable Rate: Established at a level that produces an inducement comparable to DCEO's Variable Rate pricing
Description	<p>Can be used for a number of business activities, such as purchase and installation of machinery and equipment, working capital, purchase of land, construction or renovation of buildings.</p> <p>Funds cannot be used for debt refinancing of banks own existing loans, contingency funding or passive real estate investment. Borrower must occupy at least 51% for the business being financed.</p> <p><i>DCEO's position as Creditor is subordinated to that of the Lender's</i> DCEO support may range from \$25K to \$65 K per FTE depending on loan term, MWDV majority control/ownership, Enterprise Zone Location, etc</p>
Maximum Support	<ul style="list-style-type: none"> • Lesser of 25% of the "project" • 50% of the loan • Or an amount determined based on job creation/retention
Loan Size	No less than \$10,000 or more than \$2 million
Lender	<ul style="list-style-type: none"> • Lender executes Master Participation Agreement • Lender reviews individual loan applications, applies its own credit standards, and, if appropriate, approves the credits, (including the pertinent collateral and security matters), contingent upon DCEO's participation
Loan Loss	DCEO Funds are subordinated; bank loss is mitigated
Term	Generally match lender's term but, no longer than 10 years
Application	Limited PLP documentation is required from the borrower