



## Kentucky Linked Deposit Investment Loan Program

Under the Kentucky Linked Deposit Investment Loan Program, the State Investment Commission invests funds from the state's Abandoned Property Cash Account at a set rate with eligible lenders. In turn, the financial institutions agree to lend the proceeds of the funds to eligible small business borrowers at attractive rates.

Eligible small businesses are any for-profit businesses headquartered and maintaining offices and operating facilities in Kentucky; employing fewer than 50 full-time employees, of which at least the majority are from Kentucky; has gross earnings of \$1 million or less per year; and whose principals in the business are not officers or directors of eligible lending institutions.

- Small businesses may use the loan for annual working capital, interest costs, capital expense and debt refinancing.
- The maximum loan amount is \$100,000 per business for a maximum of 7 years.
- The maximum loan rate will be determined by the prime rate as reported in the midwest edition of the Wall Street Journal. The minimum rate is 5%.
- The collateral for loans is determined by the lender.
- There is no prepayment penalty.

The loan application procedure consists of the eligible borrower applying for a loan from any lender participating in the Linked Deposit Investment Program. The lender, after conducting its credit analysis, makes its own determination to make the loan. If the loan decision is favorable, the lender prepares application for Linked Deposit. The Linked Deposit application is reviewed by the Small and Minority Business Branch in the Kentucky Economic Development Cabinet's Department for Existing Business Development to assure compliance with statute. The Branch is not involved in the credit decision regarding the borrower. If the Linked Deposit application is in order, it is forwarded to the State Investment Commission. The Investment Commission and the financial institution agree upon a settlement date and amount of investment by state before the loan is made. The investment term will match the term of the loan.

For further information contact:

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