

[(3)] (3) The total amount of equity participation financing disbursed may not exceed \$3,000,000 for a calendar year.]

[(4)] (3) (i) The Authority shall find that there is a reasonable probability that the Authority will recover its initial investment and an adequate return on investment.

(ii) The Authority's investment shall be recoverable within:

1. 7 years of the equity participation financing in a franchise;
2. 7 years of the equity participation financing in an enterprise acquiring an existing business; or
3. 10 years of the equity participation financing in a technology-based business.

[(5)] (4) The Authority's recovery shall be the greater of the current value of the percentage of the equity investment in the enterprise or the amount of the initial investment in the enterprise.

[(6)] (5) The value of the business entity at the time of recovery shall be determined after obtaining at least 1 independent appraisal of the value from an appraiser selected from a list of at least 3 appraisers supplied by the authority.

(c) The liability of the State and of the Authority in providing equity participation financing is limited to its investments under the Program.

(d) When applying to the Authority to acquire an existing business, an enterprise shall have the following minimum qualifications:

(1) The enterprise or its principals shall have a:

(I) A minimum net worth of at least \$75,000 pledged as security; ~~and~~

(II) AT LEAST \$75,000 IN EQUITY INVESTMENT; OR

(III) A COMBINATION OF A MINIMUM NET WORTH PLEDGED AS SECURITY AND AN EQUITY INVESTMENT, TOTALING AT LEAST \$75,000; AND

(2) The enterprise~~+~~ or its principals shall have had 3 or more years of successful experience with demonstrated achievements and management responsibilities.

(e) When being acquired, the existing business shall meet the following minimum qualifications:

(1) The existing business shall have been in existence for at least 5 years;

(2) The existing business shall have been profitable for at least 2 of the previous 3 years;

(3) The existing business shall have sufficient cash flow to service the debt and ensure adequate return of the Authority's investment;

(4) The existing business shall have the capacity for growth and job creation;