

Georgia State Small Business Credit Initiative (SSBCI)

General Description

The Small Business Jobs Act of 2010 (Act), designed to help increase credit availability for small businesses, created the State Small Business Credit Initiative (SSBCI) and appropriated \$1.5 billion to be used by the United States Department of Treasury to provide direct support for states for use in assisting private lenders to increase access to credit for small businesses. Pursuant to the Act, Treasury allocated \$47,808,507 to the State of Georgia for the initiative. The Georgia Department of Community Affairs through the Georgia Housing and Finance Authority's Economic Development Financing, Inc. (GHFA EDFI) utilizes its \$47,808,507 in SSBCI funds in four state-administered SSBCI programs approved by the U.S. Treasury: the *Georgia Loan Participation Program (GA LPP)*, to which \$8 million will be directed; the *Georgia Small Business Credit Guarantee Program (SBCG)*, to which \$17,808,507 will be directed; the *Georgia Funding for the Community Development Financial Institutions (GA Funding for CDFIs)*, to which \$20 million is directed; and the *Georgia Capital Access Program (GCAP)*, to which \$2 million is directed. The allocation amounts to the four programs may be adjusted depending on usage and approval by Treasury.

Eligible Participating Lenders

Eligible participating lenders in this program include banks, credit unions, CDFIs and qualified private lenders (as defined by the U.S. Treasury SSBCI Guidelines) that have each entered into a Program Participation Agreement (PPA) with the State, implemented by DCA through GHFA EDFI.

Program Objectives

Each SSBCI program is designed to be a delegated lending model for the participating lenders to provide access to capital to small businesses, provide access to capital to small businesses in underserved markets (including low-moderate income, minority and other underserved communities, including women- and minority-owned small businesses), and generate a private leverage ratio of at least 10:1 by December 31, 2016.

Program Descriptions

Georgia Loan Participation Program – GA LPP – is a loan participation program where the State utilizes SSBCI funds to purchase participations in loans that are

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sourced and underwritten by participating lenders to small businesses. GA LPP will purchase up to 25% of eligible loans, generally ranging from \$100,000 to \$5 million. The current amount of GA SSBCI funds designated is \$8 million.

Georgia Small Business Credit Guarantee Program – SBCG – is a 50% loan guarantee with a conversion option into a 10% risk reserve pool offering up to 80% reimbursement for loan losses. SBCG will generally guarantee loans up to \$500,000 with exceptions for amounts greater than \$500,000. The current amount of GA SSBCI funds designated is \$17,808,507.

Georgia Funding for CDFIs – is a program whereby approved CDFIs utilize SSBCI funds to partner with banks in providing credit to underserved small businesses for eligible projects. This program will generally participate in amounts up to \$250,000 with exceptions on loans greater than \$250,000. The current amount of GA SSBCI funds designated is \$20 million.

Georgia Capital Access Program –GCAP – is a risk reserve pool funded with borrower/lender fees matched with SSBCI funds. GCAP loans will generally not exceed \$500,000 with exceptions on loans greater than \$500,000. The current amount of GA SSBCI funds designated is \$2 million.

Eligible Borrowers and Business Purpose

The borrower may be a corporation, partnership, limited liability company, limited liability partnership, joint venture, sole proprietorship, cooperative, non-profit or other entity, which is authorized to conduct business in the State, and the proceeds of the loan will be used for an eligible business purpose. An eligible business purpose includes, but is not limited to, start-up costs, working capital, business procurement, franchise fees, equipment, inventory, lines of credit, buildings or other real estate improvements for an industrial, commercial or other business enterprise that is not for passive real estate ownership, or any combination thereof, generally within the State of Georgia.

Ineligible Borrowers

Ineligible borrowers are an executive officer, director, or principal shareholder of the financial institution lender; or a member of the immediate family of an executive officer, director, or principal shareholder of the financial institution lender; or a related interest of such an executive officer, director, principal shareholder, or member of the immediate family. The borrower *may not be* businesses engaged in speculative activities, a business that earns more than half of its annual net revenue from lending activities, a



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business

engaged in pyramid sales, a business engaged in activities that are prohibited by federal or state law or applicable law in the jurisdiction where the business is located or conducted, and a business engaged in gambling enterprises unless the business earns less than 33% of its annual net revenue from state lottery sales.

For further information on SSBCI contact:

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