



Georgia Department of Community Affairs

**2023 SIDEBAR CLASS
INTRODUCTION TO
SSBCI 2.0
May 4, 2023**



SSBCI Program



Holly R. Hunt

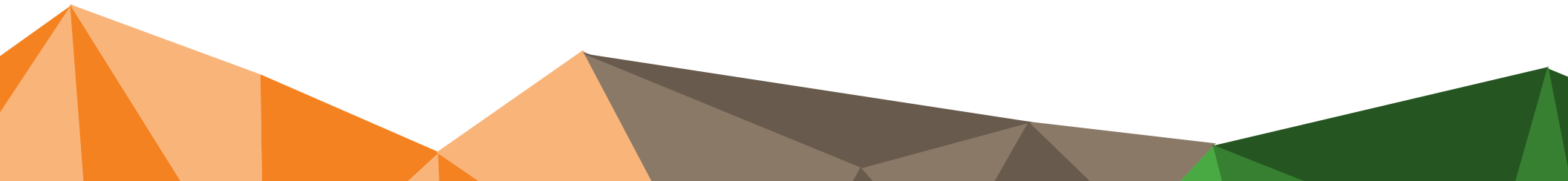
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ACCESS TO CAPITAL FOR SMALL BUSINESSES

State Small Business Credit Initiative



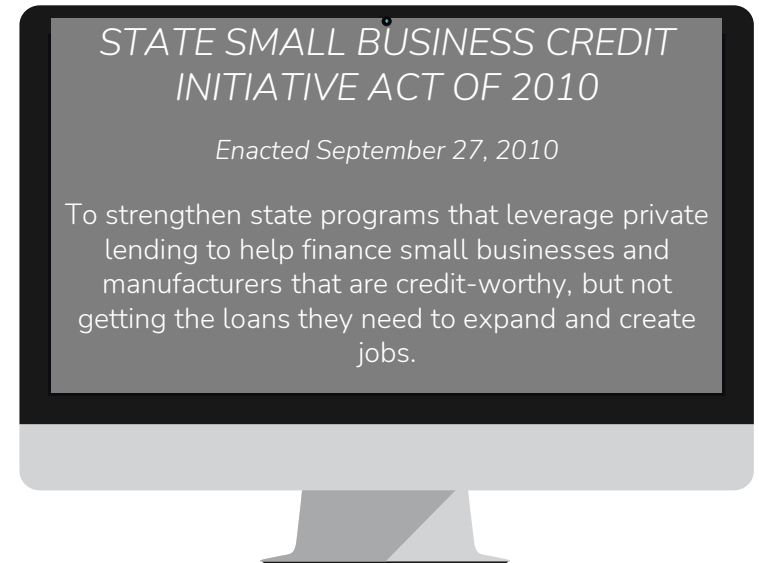


Why SSBCI?

- SSBCI 1.0 was born out of the recession of 2008 – 2009 to help spur the economy for small businesses.
- Smaller banks were closing, and larger banks were not lending to small businesses.
- With SSBCI:
 - ✓ We can offer attractive credit enhancements to lenders.
 - ✓ If lenders can be creative, we can be creative with them.

What now with the American Rescue Plan Act?

- Covid-19 was an economic shock brought on suddenly.
- Small businesses still need loans for expansion, start-up, purchase, construction, equipment, inventory, etc.
- Lending institutions now liquid but need something to help with credit risk.
- Small businesses need technical assistance.



❖ SSBCI 1.0 is still operating. **SSBCI 2.0 IS READY TO GO!**

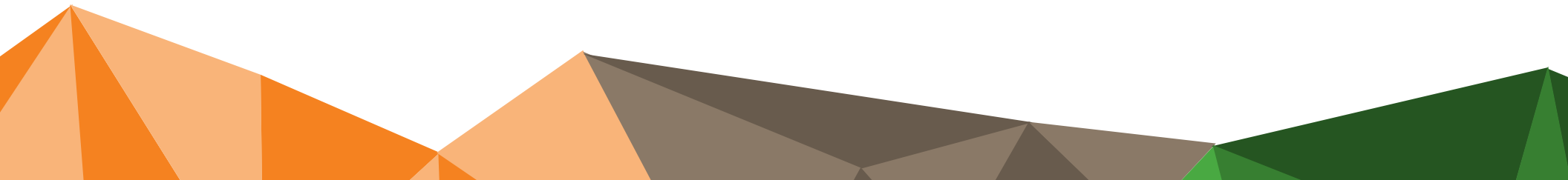
\$48,024,748

Received December 2011

\$199,616,860

Allocated November 4, 2022

Technical Assistance Allocation of \$6,212,315. Application in process.



FACTS

12/31/2022

\$79,083,733

SSBCI Investment

714

Enrolled Loans

\$408,424,446

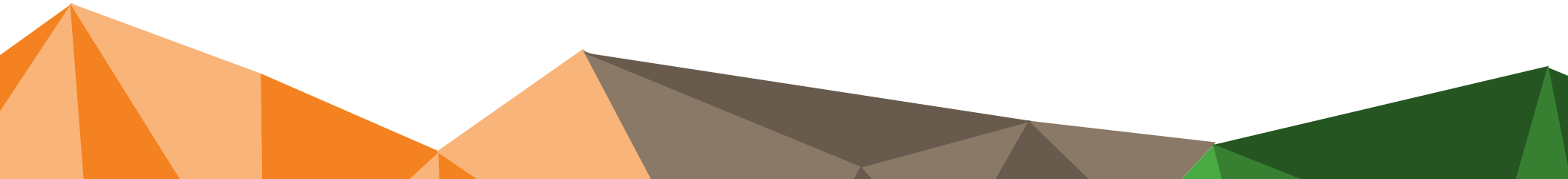
Private Investment

6,300

Jobs created and retained

88

Counties served



SSBCI 2.0

❖ 5 programs for SSBCI 2.0

- Georgia Loan Participation Program – currently operating
- Small Business Credit Guaranty Program – currently operating
- Georgia CDFI Program – a new companion loan program between the CDFIs and partnering lending institutions. (For Non-Depository Georgia CDFIs)
- Georgia Equity Direct Program – Direct Venture Capital administered by Invest Georgia
- Georgia Venture Capital Program- Fund of Funds VC administered by Invest Georgia

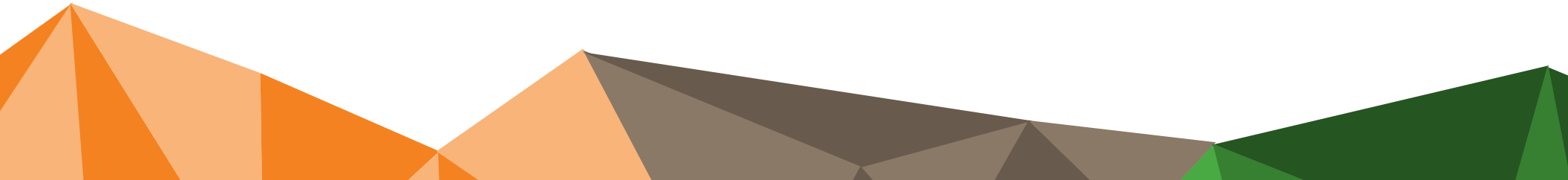
➤ WE NEED YOU!



SSBCI 2.0

❖ Definitions under the SSBCI 2.0 Statute:

- SEDI – Socially and Economically Disadvantaged Individual means an individual who is a socially disadvantaged individual or an economically disadvantaged individual, as such terms are defined, respectively, under Section 8 of the Small Business Act (15 U.S.C. 637) and the regulations thereunder.
- VSB – Very Small Business means a business with fewer than 10 employees and may include independent contractors and sole proprietors.



GEORGIA'S SSBCI LOAN PROGRAMS:

Georgia Small Business Credit Guaranty Program (SBCG)

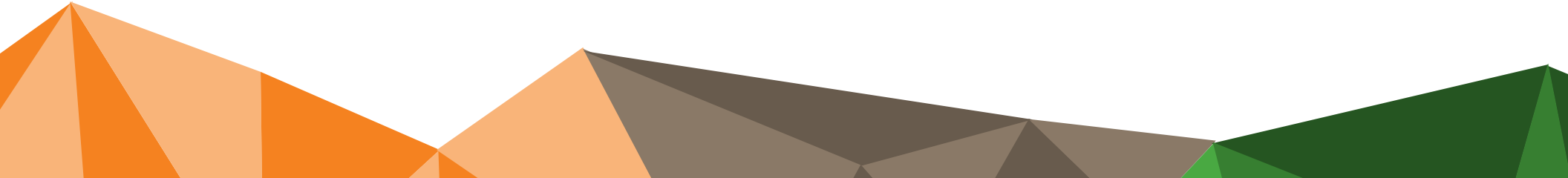
To guarantee Lender's loans to small businesses that employ thousands of Georgians.

Georgia Loan Participation Program (LPP)

To assist Georgia's private financial institutions in providing capital to small-to mid-sized employers.

Georgia CDFI Program (CDFI)

To offer companion loans to financial institutions with more concentrated outreach to SEDI and VSB businesses.



SOME ADVANTAGES



Credit Enhancements

Ways in which the lenders may minimize their risk by participating in our programs.



Delegated Lending

The lenders underwrite the loans according to their own underwriting guidelines. They set their interest rates and terms.



Potential for CRA Credit

Important for bankers, this is a regulatory requirement that requires banks to reinvest in their own communities.



Streamlined Process

Lenders underwrite the loans and send to DCA for approval. DCA reviews for compliance and approval process is quick.



Increased Loan Portfolio

The lender is able to make the loan that it would not otherwise have been able to make without the assistance of SSBCI.



Access To Affordable Credit

The small business now has access to affordable credit!
The absolute best of all!

SSBCI General Eligibility Criteria

- ✓ Start-up costs,
 - ✓ Working capital,
 - ✓ Business procurement, e.g., franchise fees,
 - ✓ Equipment and inventory, and
 - ✓ Purchase, construction, renovation, or tenant improvements for a place of business.
- ❖ Refinancing is not eligible; however, renewals are eligible under certain conditions.
- Passive real estate investments are not eligible.
Must be Owner Occupied.

Georgia Loan Participation Program (GA LPP)



25% Participation

GA LPP can purchase up to 25% of the loan originated by the approved lender ranging from \$10,000 to \$5,000,000. Loans over \$5,000,000 are capped at the current maximum amount.



Maximum

The current maximum amount of participation is \$1,250,000. The maximum total project amount is \$20 million.



SBA 504

GA LPP may be used for interim bridge financing, including SBA 504.



Second Lien Position!

SSBCI is always in second lien position behind the lender!



NO FEES!

- No fees to the lender.
- No fees to the borrower.
- Lender services loan and remits payments to DCA monthly.

Small Business Credit Guaranty (SBCG)



50% Guaranty

SBCG provides a 50% loan guaranty on loans up to \$1,000,000. Loans over \$1,000,000 are capped at the current maximum amount.



Maximum

The current maximum amount of guaranty is \$500,000, or 50%, on loans up to \$1,000,000. Loans exceeding \$1,000,000 are capped with a \$500,000 guaranty.



Line of Credit

SBCG is excellent for working capital line of credit loans.



FEES

- Processing fee of \$200.
- Initial fee equal to 1% of the guaranteed amount for LOC, 2% for term loans with maximum 5-year maturity.
- No annual fees.

Georgia CDFI Program (GA CDFI)



Companion Loan

GA CDFI provides a companion loan to a participation lender. Private/public leverage must be at least 1:1 with goal to achieve a 10:1 leverage.



Maximum

The current maximum amount of CDFI loan is \$1,250,000. DCA funds 100% of the CDFI loan to the borrower.



Terms

*GA CDFI is a delegated lending model. All terms, rates and fees are established by the CDFI within the parameters of the Treasury guidelines.



FEES

- There are no fees assessed by the Georgia Department of Community Affairs.
- Fees may be assessed by the CDFI and participating lender.

*The Georgia CDFI Program is designed for Non-depository Georgia-grown CDFIs. Georgia depository CDFIs and Regional/National CDFIs located outside of Georgia may participate in the other SSBCI loan programs.

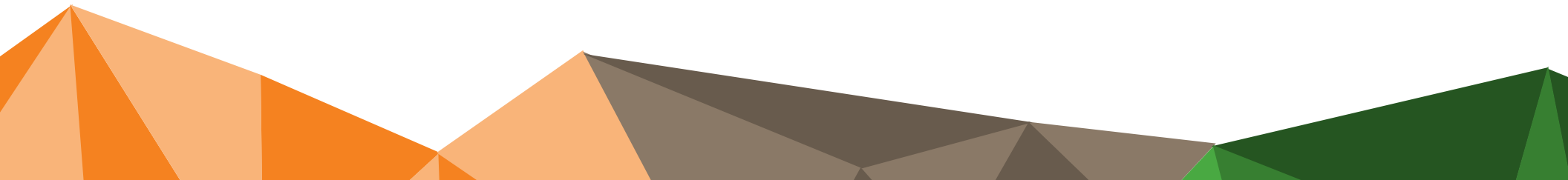
GEORGIA'S VENTURE CAPITAL PROGRAMS:

**Georgia Venture
Capital Program
(GVCP)**

Multi-funds model

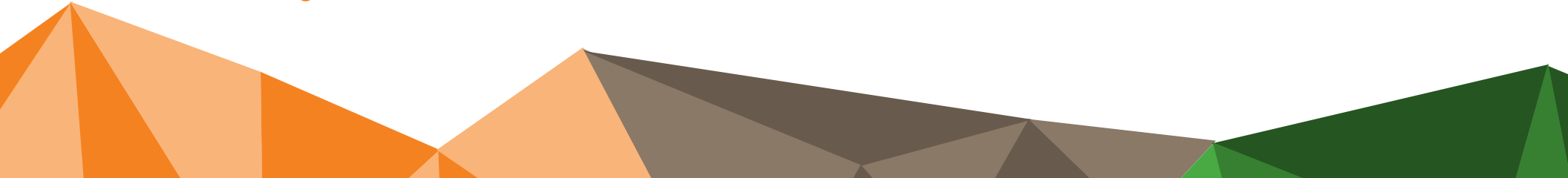
**Georgia Equity
Direct Program
(GEDP)**

Direct Investment into
Georgia-based companies



- ✓ The DCA executed a MOA with Invest Georgia to administer the Georgia Venture Capital Programs.
- ✓ Participating venture capital funds will be limited to Georgia-based firms raising capital for early rounds.
- ✓ The Georgia SSBCI venture capital program will target support towards investments of \$5 million or less.
- ✓ Investments support on a given transaction cannot exceed \$20 million. The \$20 million restriction applies to a single investment round that includes a SSBCI-funded investment, including all classes of equity investments that close on or about the same date.
- Invest Georgia and DCA will work together to identify funds with SEDI characteristics to participate in the Georgia Venture Capital Program and Georgia Equity Direct Program.

Venture Capital General Eligibility Criteria



Georgia Venture Capital Program (GVCP)



Multi-Funds Model

Limited Partner positions in established Venture Capital Funds



Maximum

\$1 Million Minimum to \$3 Million Maximum Allocations



Match

A \$1:\$1 allocation match minimum is required



General

- Will help grow venture capital for small businesses at the earliest stages of development, which Invest Georgia will operate as a multi-funds program.

Georgia Equity Direct Program (GEDP)



Direct Investment

Invest Georgia will make direct investments into Georgia-based companies



Maximum

\$250,000 minimum to \$1 million maximum investments



Match

A \$1:\$1 allocation match minimum is required



General

- Will provide an attractive source of capital for investments in startups and eligible businesses. Investments will be made alongside diverse venture funds, non-profit seed funds, angel funds and other investors that present a compelling economic development case. Invest Georgia will manage the direct co-investment program, which will provide flexibility for supporting a diverse portfolio of small businesses.



Georgia Department of Community Affairs

You can find us at www.dca.ga.gov under Community & Economic Development

