



# **Georgia Department of Community Affairs**

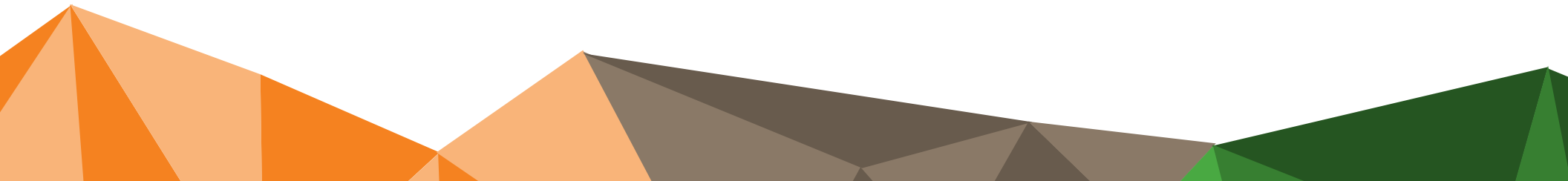
**INTRODUCTION TO SSBCI 2.0**

**SIDEBAR CONFERENCE**  
**February 29, 2024**



# **ACCESS TO CAPITAL FOR SMALL BUSINESSES**

State Small Business Credit Initiative



# SSBCI Program



**Holly R. Hunt**

SSBCI Program Manager

[Holly.Hunt@dca.ga.gov](mailto:Holly.Hunt@dca.ga.gov)

404-670-0836

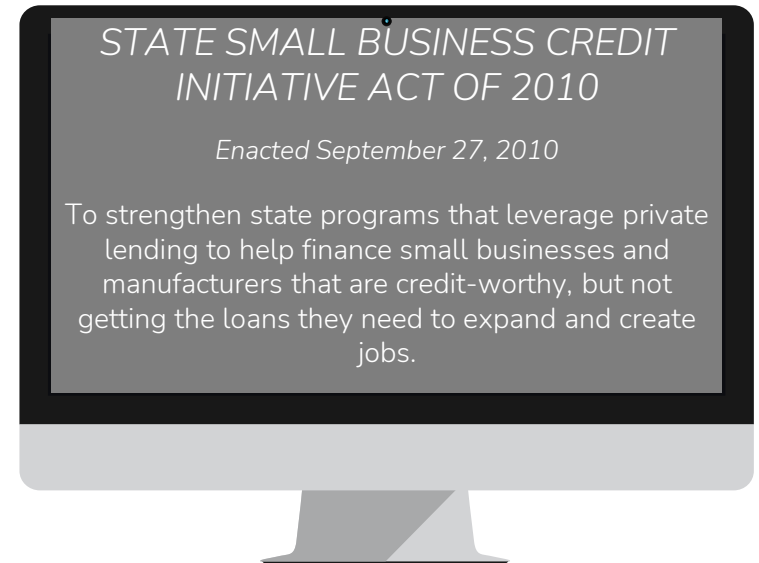


## Why SSBCI?

- 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!**

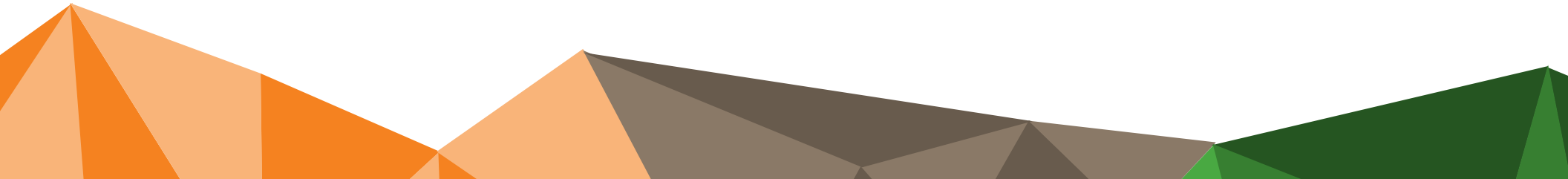
# \$48,024,748

**Received December 2011**

# \$199,616,860

**Allocated November 4, 2022**

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



# FACTS SSBCI 1.0

12/31/2023

**\$80,990,388**

SSBCI Investment

**728**

Enrolled Loans

**\$420,324,503**

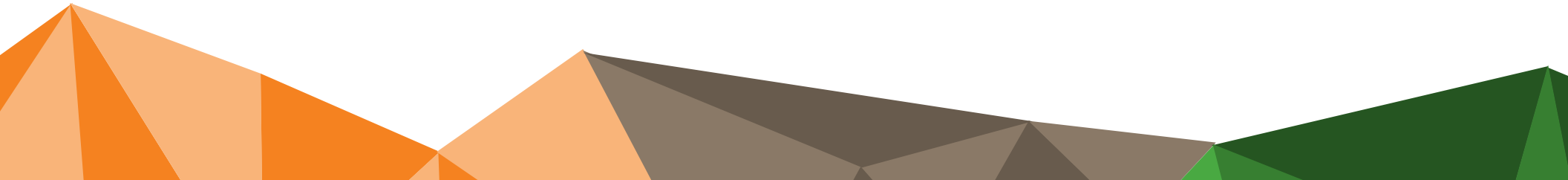
Private Investment

**6,428**

Jobs created and retained

**88**

Counties served



# FACTS SSBCI 2.0

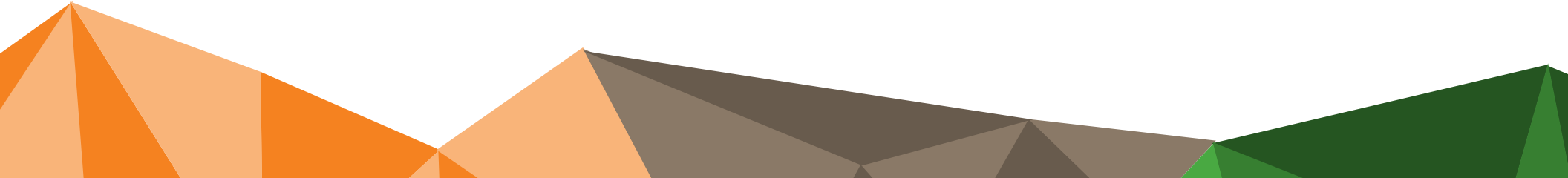
12/31/2023

**\$22,048,483**

SSBCI Investment

**41**

Enrolled Loans



# 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!





# GEORGIA'S SSBCI LOAN PROGRAMS:

## **Georgia Small Business Credit Guaranty Program (SBCG)**

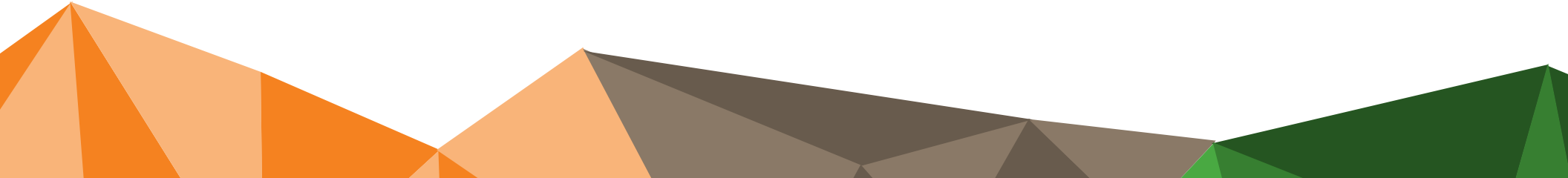
To guarantee Lender's loans to small businesses that employ thousands of Georgians.

## **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)**

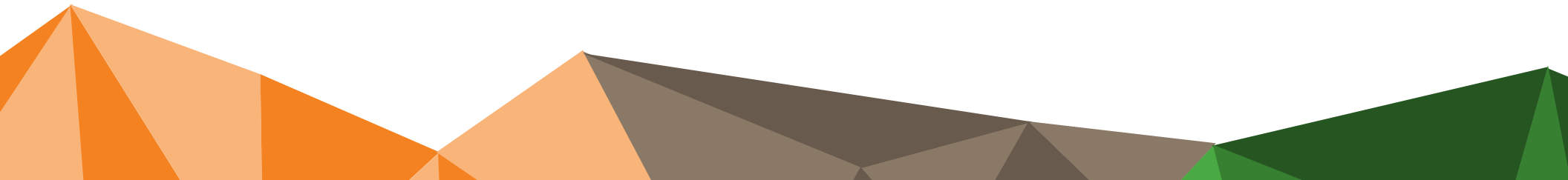
To offer companion loans to financial institutions with more concentrated outreach to SEDI and VSB businesses.



# 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.



# 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. Maximum total project amount is \$20 million. Maximum term of 10 years with 25-year amortization. Fees limited to 3%, rates capped at 18%.



## 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. Maximum term 5 years with 25-year amortization. Fees capped at 3%. Rates capped at 18%.



## 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. Subject to same maximums as the GA LPP program.



## 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.

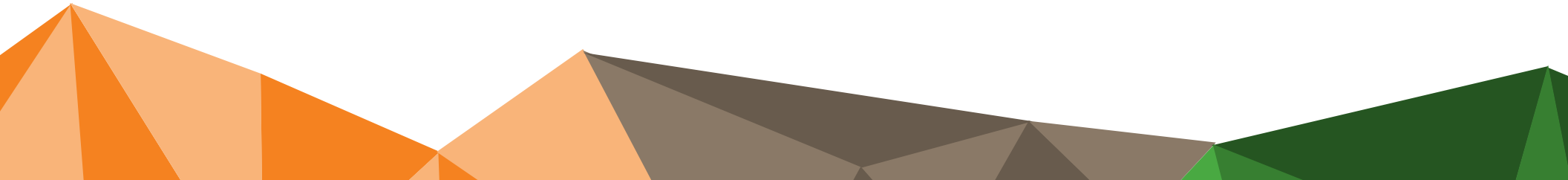
# GEORGIA'S VENTURE CAPITAL PROGRAMS:

**Georgia Venture  
Capital Program  
(GVCP)**

Multi-funds model

**Georgia Equity  
Direct Program  
(GEDP)**

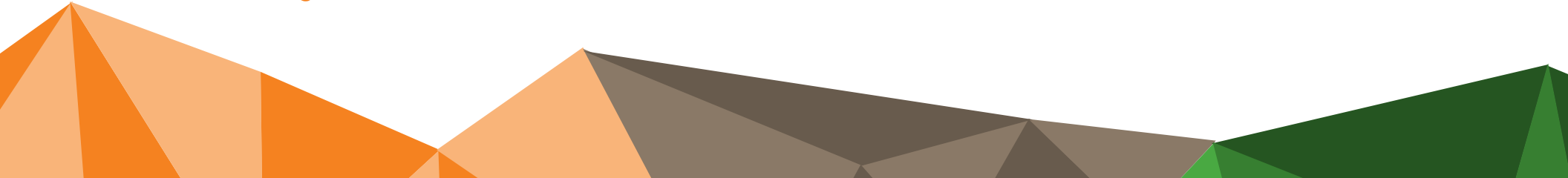
Direct Investment into  
Georgia-based companies





- ✓ 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](http://www.dca.ga.gov) under Community & Economic Development

