

Georgia Small Business Lenders Invited to Participate



State Small Business Credit Initiative

SSBCI

ADVANTAGES FOR GEORGIA LENDERS

- Credit enhancements to strengthen bank loans and reduce risk
- Delegated lending model where lenders manage underwriting
- Streamlined procedures and quick response to project loan requests
- Opportunity for CRA credit

ELIGIBLE USE OF FUNDS FOR SMALL BUSINESSES IN YOUR COMMUNITY

- Costs associated with opening or expanding a business
- New construction/rehabilitation for owner-occupied spaces
- Machinery and equipment
- Real estate acquisition for owner-occupied spaces

SSBCI PROGRAMS

- Georgia Loan Participation Program
- Georgia Small Business Credit Guaranty
- Georgia CDFI Program
- Georgia Venture Capital Program
- Georgia Equity Direct Program

QUESTIONS

For more program information, contact:
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Program Overview

The Small Business Jobs Act of 2010 (the “Act”) became law in the fall of 2010. The Act created the State Small Business Credit Initiative to strengthen state lending programs that support small businesses and manufacturers. The \$1.9 trillion American Rescue Plan Act of 2021 (ARPA) reauthorized the Small Business Jobs Act of 2010 to provide \$10 billion to fund the State Small Business Credit Initiative (SSBCI 2.0) as a response to the economic effects of the COVID-19 pandemic.

Georgia is allocated a total potential funding amount of \$199,616,860. These funds will address the following requirements:

- Outreach to support business enterprises owned and controlled by socially and economically disadvantaged individuals.
- Outreach to very small businesses (less than 10 employees).
- Reasonable expectation to achieve a 10:1 leverage of private funds.
- Ability to deploy funds in a timely manner.

Currently, **SSBCI is seeking to approve and partner with lenders to assist small businesses** throughout the state by participating in the Georgia Loan Participation Program and the Georgia Small Business Credit Guaranty Program. In the Georgia Loan Participation Program, the state purchases a participation of up to 25% of an approved loan ranging from \$100,000 to \$5 million on a \$20 million maximum loan amount. The Georgia Small Business Credit Guaranty is a 50% credit guaranty to the lender with a current maximum loan amount of \$1 million with a \$500,000 guaranty.

Summary of Georgia SSBCI Programs

Georgia's SSBCI 2.0 has five programs – Three debt programs for lending institutions (Banks, Credit Unions and CDFIs) with at least 2 years of small business lending experience and two venture capital programs. The GA LPP, SBCG and CDFI programs will continue to operate in the same manner as SSBCI 1.0 (2010).

1. Georgia Loan Participation Program (GA LPP) - \$70 million
2. Georgia CDFI Program - \$60 million
3. Georgia Small Business Credit Guarantee Program (SBCG) - \$19,616,860
4. Georgia Venture Capital Program (multi-funds model) - \$30 million
5. Georgia Equity Direct Program (direct co-investment model) - \$20 million

The Georgia Loan Participation Program (GA LPP) with SSBCI funding will be used to purchase a portion of a loan originated by a participating lender to an eligible small business borrower. Interest rates, maturity, collateral, and other loan terms are negotiated between the borrower and the lender. The primary lender conducts all the customer interaction, including payment processing and loan workouts. GA LPP can use SSBCI funds to purchase up to 25% of a loan originated by a participating lender to an eligible small business borrower. However, the GA LPP can purchase up to 30% of a loan originated by a CDFI bank.

The Georgia CDFI Program (GA CDFI) is a companion loan program among the non-depository Community Development Financial Institutions (CDFIs) and the private lending institutions. This program is accomplished through a combination of resources: SSBCI funds administered by DCA/GHFA in conjunction with performance-driven agreements with the CDFIs. GA CDFI will provide access to capital to the borrowers, gap financing for the banks, low interest rates and attractive terms. Georgia businesses will be equipped to receive significant incentive to start projects, expand operations, improve facilities or equipment, or access needed working capital. CDFIs are encouraged to participate in projects with a leverage of 10:1, with no less than a 1:1 leverage.

The Georgia Small Business Credit Guarantee Program (SBCG) with SSBCI funding will be used to guarantee 50% of a loan originated by a participating lender to an eligible small business borrower. The State will reimburse from SSBCI funds 50% of losses incurred on an enrolled credit by a Lender that is not in material default of the PPA. The 50% guarantee provides the required 1:1 leverage of private to SSBCI funds and 50% lender capital at risk. Interest rates, maturity, collateral, and other loan terms are negotiated between the borrower and the lender. The primary lender conducts all the customer interaction, including servicing their payments and loan workouts.

Venture Capital Programs

The Georgia Venture Capital Program (GA VC Program) will help grow venture capital for small businesses at the earliest stages of development, which Invest Georgia will operate as a multi-fund program. DCA/GHFA Economic Development Financing, Inc. will execute a Memorandum of Agreement (MOA) with Invest Georgia, which will highlight the objectives of the GA VC Program including compliance and reporting requirements. An objective of the GA VC Program will be to improve regional entrepreneurial and investment ecosystems that support economic growth, innovation development and job creation.

The Georgia Equity Direct Program 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.